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**Government of India**

**Finance Department**

# **Budget for 1942-43**

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GOVERNMENT OF INDIA  
FINANCE DEPARTMENT

**BUDGET FOR 1942-43.**

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**PART I.**  
**Railway Budget.**

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# Speech of the Railway Member

introducing the

## Railway Budget for 1942-43

Sir, I have the honour to present the Railway Budget for 1942-43. It would, I think, be true to say that on the railways, as on the leading industries of this country, the most obvious effects of the war have hitherto been beneficial. They have earned phenomenal profits and to the public eye, their gains have been more apparent than their difficulties. If in some quarters there were complaints of insufficient facilities, that was not an entirely new phenomenon, particularly in more prosperous times, and many felt that better organization would overcome the hardships involved. The war was regarded by too many as something so remote from India that we were immune from its direct effects; business and politics could go on as usual, but with their tempo heightened by the indirect effects with which the first two years of war had made us familiar.

### *The present position.*

2. To those who shared this view, recent events have come as a rude awakening, a fact which was reflected in our passenger traffic from Calcutta a few weeks ago. Actually, the difficulties which the war has created and is bound to create for transport have increased steadily throughout the year, and I trust that the figures which I present later will not lead any to view the prospects with complacency. Until fairly recently, it seemed that the railways, if given time, could discharge most of the demands made on them. There was a serious lag in the cold weather, but the slack season could be relied on to overtake the arrears. The present position is that the slack season has disappeared; traffic this summer remained at about the level of the previous winter and far above that of a normal winter, while this winter has brought a further increase in demands which it is impossible to meet in full. Military traffic has been on an unprecedented scale, supplies have been produced at an ever-increasing speed, other industries have expanded steadily, and alternative means of transport have contracted to an embarrassing extent.

3. Simultaneously the railways have had to face increasing handicaps. Rolling stock and rails have had to be given up to meet the requirements of defence, replacements are difficult or impossible to obtain, and experienced personnel, in growing numbers, have gone on military or ancillary services. The signs point to an increasingly difficult situation. The rising intensity of the war effort, with all its direct and indirect effects is likely to have cramping effects on the general public. There is little prospect at present of the railways meeting more than a proportion of the demands made upon them, even if the tide of battle comes no nearer our shores.



4. There is likely, therefore, to be hardship on an increasing scale, but those running the railways will do as much as lies in their capacity to eliminate unnecessary hardship by meeting demands as far as is possible. They have already important achievements to their credit in this direction. Comparing our estimates of traffic in the current year with the figures for 1938-39, the last pre-war year, there is a rise of 30 per cent in the ton miles of goods carried and of over 16 per cent in passenger miles. This means an increase of nearly three thousand million passenger miles and of 6½ thousand million ton miles. Included in these figures is a large military traffic; for example, about 2,000 special trains were provided in the first nine months of this year. The handling of military traffic gives rise to peculiar difficulties and tends to leave an aftermath of arrears of other traffic which is disproportionate to its volume. Military movements have frequently to be made at the shortest notice and with all possible speed; they may involve big transfers of rolling stock, they are generally over long distances and are mainly over main lines. So that the increase in the amount of traffic carried has involved greater efforts than its bare proportion, large though that is, would suggest.

5. This has only been rendered possible by steady improvement in operating services and constant attention to maintenance. The extent of the achievement is illustrated by the fact that on the broad gauge system the average daily task of each locomotive on the line has risen from 15,000 freight ton miles in 1938-39 to 17,000 freight ton miles and the wagon's daily tale of freight ton miles has been raised from 551 to 392. The public, in judging of railway capacity, is apt to think in terms of wagons, but the supply of wagons is only one of the factors which may impose limitations, and in many cases shortage of supply is due to limited operating capacity or inadequate power. Despite difficulties in respect of steel, works have been carried out which have enlarged the operating capacity on critical sections. All this has, of course, meant a big increase of work, which has fallen on a system which, owing to the difficulty of replacement, must suffer some deterioration. Most railway officers have shared the experience of their locomotives in having much harder tasks while their years increase. I am afraid that the average speed of the rolling stock must fall somewhat; that of the officials will not if they can help it.

#### *Accounts for 1940-41.*

6. Let me turn from this brief mention of the work done to the financial reflection of that work. In introducing the budget last year I expected a surplus of 14.59 crores. Although this estimate had been substantially raised at the last moment, it proved under the mark by no less than 3.87 crores. The last two months of the year gave exceptional traffic returns; we earned in that period 36 lakhs per day as against 30 lakhs per day in the preceding ten months, so that the gross traffic receipts for the year came to 111.94 crores instead of 109.25 crores. At the same time expenditure was less than the estimate by 1.06 crores. The largest item in this consisted of provision for enhanced dearness allowances to the staff which was not actually disbursed until the financial year had closed. Of the surplus of 18.46 crores, 12.16 crores went to general revenues and 6.30 crores to the railway reserve.



*Revised Estimates for 1941-42.*

7. For the current year the original estimate of revenue, including miscellaneous receipts, was 110.49 crores. This and indeed all previous figures have been greatly exceeded, and we now estimate the receipts at 129.57 crores. Throughout the greater part of the year both goods and passengers have shown substantial increases; latterly there has been a slight slackening in goods traffic, but passenger traffic has tended to show a further increase. The expenditure was put originally at 98.66 crores, but our present estimate is 108.37 crores. This increase is in the main due to an adjustment in respect of dismantled lines and abandoned assets and to the transfer of expenditure on ballast renewals from the depreciation fund to revenue. The net value of the assets lost in respect of dismantled lines amounts to 2.91 crores, 1.30 crores in respect of those dismantled last year and 1.61 crores in respect of those dismantled this year. A sum of 70 lakhs is available in the depreciation fund in respect of them, leaving an uncovered balance of 221 lakhs. When I presented the current year's budget, it was decided to debit such uncovered loss to the railway reserve, and this was actually done in 1940-41. On re-examination it has been found that technically it will be sounder to charge the amount to working expenses instead of adopting the round about method of putting the money first into the general reserve and then withdrawing it in the same year. It has therefore been decided with the concurrence of the Auditor General to adopt this course from the current financial year.

8. Last year I explained in some detail the system on which it was proposed to divide the surplus between general and railway revenues. The present position is that a moratorium is in force in respect of past debts to the depreciation fund and to general revenues. But we felt and still feel that despite this moratorium railways ought to make a substantially larger contribution to general revenues at this juncture than could be claimed under the Convention governing this matter. Actually what we attempted to do was to calculate how the surplus would be divisible under the Convention if there were no outstanding debts and then to make an arbitrary deduction from the amount assigned by this system to the railways. But subsequent examination has led to the conclusion which has the concurrence of the Auditor General, that technically no surplus accrues until the arrears of debt have been paid off. As the system adopted, although founded in part on a mistaken impression, had been made to yield, by means of the arbitrary deduction, an equitable result, we propose to leave the allocation undisturbed, and to utilize the same method for dividing any surplus that may accrue next year. The sums so assigned to general revenues will, after meeting the 1 per cent contribution for each year, go towards liquidating the arrears of that contribution for past years. Our present estimate for the current year is that the surplus will be 26.20 crores, of which the share of general revenues will be 19.12 crores and that of the railways 7.08 crores.

9. We propose to devote this last sum not to the railway reserve fund but towards repaying part of the debt to the depreciation fund. That fund should also receive a net accretion of about  $7\frac{1}{2}$  crores this year and of  $5\frac{1}{2}$  crores in 1942-43 representing the difference between the contribution made each year and the probable expenditure. Thus, if our estimates are fulfilled, the fund should have to its credit on 31st March, 1943, a sum of over  $64\frac{1}{2}$  crores. The position of this fund has been the subject of long and



earnest consideration during the past year and I would like to acknowledge here the assistance given by the valuable work done on this subject by one who had made it his special study. I refer to Sir Raghavendra Rau whose untiring work for the railways both outside and inside this House will long be remembered and whose death we deeply regret. The result of these inquiries has satisfied us that, even if we are able to repay the whole amount abstracted from the fund in the lean years, we shall still have a defective rather than an excessive provision there. As a later opportunity will doubtless present itself of discussing the subject in detail, I do not propose to enter on such a discussion now. I would merely stress the importance of doing all that we reasonably and legitimately can to ensure that after the war the railways are in a position to play a full part in the reconstruction of the State.

### *Fares and freights.*

10. Before giving the actual estimates for next year, I propose to deal with certain changes which are contemplated in fares and freight. In the present situation there are strong arguments for a substantial increase in passenger fares. The demand for passenger traffic has already reached a level which we have been unable to meet and so far from being able to increase our capacity here, we may have to make a substantial diminution almost at once. This is likely to be rendered necessary by the paramount importance of providing further capacity for goods and of meeting the military and supply demands. We have, with the co-operation of the press, issued an appeal to the public to avoid unnecessary travel, but the effect of this is likely to be small compared with the effect that would be produced by an enhancement of the fares. Such an enhancement, moreover would recoup us for the traffic which is lost and it would also tend to counterbalance the increased costs which road transport is having to face. Finally, the bulk of the increased revenue would go under present arrangements to the taxpayers and thus permit them to be relieved in other directions.

11. We have weighed these arguments with the attention they deserve but have come to the conclusion that we should stay our hands in the matter of imposing a general increase. The need for this may become more apparent as time goes on, but we are anxious to avoid any undue increase of cost to the railway users. If railways followed the practice of many industrial and commercial firms, they could at the present moment secure very large increases in revenue and at the same time ease their own difficulties considerably by imposing increases which would effectively curtail the demand. But we are satisfied that this would not be in the public interest, and I hope that if in the future railways may again have to face financial stringency, the moderation that has been shown will not be forgotten. All that we propose to do for the present is to make certain enhancements on two railways, the East Indian and the North Western. Passenger fares on these railways are substantially below the level prevailing on the other State-managed lines, and there is no sufficient ground for continuing to give passengers on those railways particularly cheap rates. A schedule of the enhancements is being distributed with the papers which will be placed in your hands, but I may say that on the East Indian Railway, except for an increase of  $\frac{1}{4}$  pie per mile or 5 per cent in the Intermediate class, there will be no enhancement at all on a journey up to 50 miles and the enhancement in the fares for the two lower classes on the N. W. and E. I. for a journey of any distance



will not exceed  $\frac{1}{4}$  pie per mile. Even after these enhancements the general scales will still remain somewhat below those prevailing on other important lines. These enhancements will not be brought into force until the 1st of May and the total estimated accession of revenue is in the neighbourhood of half a crore.

12. In respect of freights, we propose to make two changes, both of which are dictated largely by traffic considerations. In the first place, we propose to increase the rate for parcels. If this is not done, there will be an increasing tendency to send goods as parcels and thus to increase the strain on our passenger trains which are already having to be curtailed. The present rate for parcels is two annas per rupee above the pre-war rate, and it will be increased by another two annas. A similar enhancement will apply to excess luggage, but there will be no enhancement on articles which were exempted from the former increase, such as newspapers. The extra revenue from this change next year is estimated at half a crore.

13. In respect of food-grains we have made no change since the war began. We have followed this policy mainly in order to avoid as far as possible contributing to the extra cost of living; but it is clear now that even if we had imposed an increase its effect would have been insignificant compared to the enhancement of prices which others have secured. Wheat, for example, has been selling in important markets at 100 per cent over the pre-war price. In spite of this we do not propose to bring food-grains into line with other commodities, but intend merely to impose an extra charge of two annas in the rupee on consignments of less than a wagon-load. Full wagons would continue to be charged at the existing rates. This is being done in order to ensure a better use of wagon supplies at a time when they are badly wanted. The revenue effect is likely to be small. We also propose to withdraw the rebate on wheat exported west of Aden, as there are no grounds at present for encouraging the export of wheat. The payments this year are likely to be of the order of three lakhs. None of these changes will be operative till the 1st of May.

#### *Estimates for 1942-43.*

14. Our estimate of the receipts for next year can be little more than a guess. Estimates of this kind are necessarily based on tendencies already apparent, coupled with changes that can be foreseen. But a war of the present intensity cannot be resolved into tendencies nor can we foresee with any accuracy the changes it may bring. We have, in the light of our imperfect knowledge, taken the estimated figure for the current year and subjected it to minor adjustments to allow for such factors as are apparent—the tendency to move from more paying to less paying traffic, the loss of a number of branch lines and a certain quantity of rolling stock, the minor alterations in our charges. This has given us a revenue figure of 128·47 crores. The estimate of expenditure may also prove wide of the mark but we cannot allow for possible new factors which are at present quite speculative and have taken a figure of 100·52 crores. This is 2·85 crores less than the revised estimate for the current year, but that estimate includes non-recurring adjustments and expenditure of 3·44 crores. We have allowed for an increase in ordinary working expenses of 1·11 crores. In the result the surplus is put at 27·95 crores.

15. I must warn the House that this figure is highly speculative, and is more likely to prove too high than too low. We face an extremely



uncertain future, and there are various possible happenings any one of which might add greatly to our expenditure or injure our revenue or produce both effects at once. It is, on the whole, unlikely that no such events will disturb our calculations. If I were not obliged to place before the House detailed estimates of the expenditure that can be foreseen, and could make an arbitrary reduction from the revenue figure to cover incalculable risks, I should present a lower estimate. But we cannot, in budgeting, allow for contingencies of varying degrees of probability and of incalculable force. We must proceed on the basis of the factors which are apparent and which lend themselves to analysis. No one can allow for an earthquake and war tends to be a series of convulsions. My own view is that if the estimated surplus is realized, the nation is likely to be able to congratulate itself on more than that achievement.

16. If the surplus of 27.95 crores is realized, it is clear that we cannot allow the provisions of the Separation Convention to take its ordinary course next year. To do that would involve denying to the general taxpayer that measure of relief which he can legitimately claim, having regard to the strain he is asked to bear and to the fact that the railways' surpluses are being greatly swollen by expenditure on defence. It is, therefore, necessary that there should be a renewal of the moratorium, and a resolution to this effect will be placed before the House shortly. The surplus for 1942-43 can then be disposed of on the same system as before. If the estimates are realized, the railways' share will be 7.82 crores to be devoted to the repayment of debt to the depreciation fund. The share of general revenues will be 20.13 crores, and this payment would not only wipe out the arrears of the one per cent. contribution but involve an additional payment of over a crore. The realization of this extra amount is, however, so speculative that it seems hardly necessary to reach a decision at this stage regarding its treatment. I would merely say provisionally that it might be treated as an advance payment on account of the one per cent contributions due in future.

17. If the present conditions appear likely to continue after 1942-43, a new situation will be created. For the taxpayer will still have a strong claim in equity to substantial relief from railway revenues, but there will be no debt against which any payments outside the Convention can be set. We are therefore asking the House to renew the moratorium for only one year. This will make it necessary to put before you in the course of the year proposals involving a revised arrangement regarding a division of the surplus. Whether these arrangements will involve a general revision of the existing Convention, or merely further interim arrangements to meet the war situation only, must depend on further consideration in the light of the position reached by the autumn.

#### *Capital position.*

18. I deal now with the more important changes in our assets. On the debit side, we have a further reduction in the mileage, due to the dismantlement of lines. The rails set free are being utilized for purposes of defence, both within India and overseas. Those taken this year are likely to amount to rather over 500 miles, of which about 70 miles were a forest tramway. The total represents only a fraction of the rails supplied, as rails from stock, rails set free by relaying and new rolling have been used to the utmost extent possible. The capital cost of the lines dismantled this year is 219 lakhs. A sum of 30 lakhs has accumulated



against them in the depreciation fund, which also receives 58 lakhs for released materials, so that 88 lakhs will be debited to that fund and 131 lakhs to working expenses. We have also surrendered certain quantities of rolling stock. We deeply regret the necessity of doing anything to curtail the railways' capacity for service to the public at a time when alternative means of transport are so restricted, but it is a necessity, and some of the material has already proved of much more benefit to the country than it was in its original location.

19. On the credit side the most important change made during the year has been the acquisition of the capital of certain companies with the transfer of their lines to State management. On the 1st January we took over the Bombay, Baroda and Central India Railway involving 1260 miles of broad gauge line, 2025 miles of metre gauge line and 172 miles of narrow gauge line. We also took over the Assam Bengal Railway which had 1308 miles of metre gauge line and have amalgamated it with the Eastern Bengal Railway in what is now the Bengal and Assam Railway. These changes have involved an addition of 4·88 crores to our capital, which at the end of this year should stand at 758 crores.

20. An even bigger addition to our capital will be made in 1942-43 when we take over the Bengal and North Western and Rohilkund and Kumaon lines. The B. & N. W. Railway at present works 824 miles of our lines and owns 1274 miles of its own. The R. & K. Railway works 311 miles of State-owned line and 259 miles of its own. The total capital cost is estimated at 18·15 crores. We propose to work these systems including the Tirhoot Railway, as a single unit. In addition we are acquiring the Tapti Valley Railway, a branch line of 156 miles worked by the Bombay, Baroda and Central India Railway, at a cost of 166 lakhs and the Mirpurkhas Khadro Railway, a branch line of about 50 miles, worked by the Jodhpur Railway, at a cost of 12 lakhs. We estimate that the capital at charge will have risen by the end of next year to 781½ crores.

21. Thus with the exception of unimportant light railways and some lines owned by Indian States, the whole of the railway system of Northern India and the extensions of this system in the western half of the peninsula as far south as the Kistna will be both State-owned and State-managed, and Company management will be confined to the lines in the east and south of the peninsula. The combined mileage of the State-managed railways which stood a couple of months ago at 17,000 miles will be increased to 24,000 miles, and the State railway employees will have risen from 3,90,000 to over half a million men.

### *Conclusion.*

22. The fact that after a fairly long experience of State-management public opinion is, on the whole, strongly in favour of further enlargement of its scope is a compliment to those responsible for State railways which it would be ungracious to pass over in silence. I referred in my speech last year to the advantages which State-management offers and the difficulties which it tends to create and do not propose to repeat what I then said. It is my earnest hope that the big decisions we have taken will yield all that the public expects from them.

23. At the same time I would record my personal opinion that if State management on this immense scale is to achieve success in a parliamentary State, both Government and the Legislature must acquiesce in



a large devolution of responsibility. I am occasionally reminded by those who are anxious that I should use my personal influence in the matter of the promotion of an assistant station-master or the appointment of a clerk or the assignment of some minor contract, that the Moghal Emperors allowed all subjects to approach them personally with petitions on any matter. It is suggested that I or the Chief Commissioner, in our more limited spheres, should emulate them. What happened to the bulk of these petitions, history does not record; but I am convinced that to-day no great Department of State would long work if those at the top attempted to deal personally with all the matters that might be put before them. This is not because we regard detailed administration as unimportant; it is most important and personal cases may be of great moment to those whom they affect. It is simply because a great organization can only be carried on efficiently if there is a genuine sharing of responsibility and if those in less prominent positions are regarded not as mere agents or subordinates—a word I dislike—whose every act is subject to revision, but as co-workers who are carrying on the struggle in different parts of the field. We should strive constantly that, as far as possible, all concerned get fair dealing and, more than that, get the feeling that there has been fair dealing. But this is not going to be ensured by constant interference by Government in individual cases any more than efficiency can be secured by attempting to concentrate all authority at headquarters. We must be prepared to trust, over a large field of administration, those filling responsible posts, and do our utmost to select men who merit that trust.

24. Speaking after three years' close acquaintance, I can affirm that the House and the public have reason to feel general confidence in those holding responsible posts on our railways. They are not good at advertising their own merits, even when they have the time to do so; and the public is too often left with inadequate information of their difficulties and their efforts. But they and the host of others in the various grades of the service have been facing increasingly arduous and complex tasks with devotion and skill, and I do not believe that the general standard of efficiency has ever been higher than it is to-day. I would acknowledge specially the inspiring lead given by Sir Leonard Wilson and his officers here in a more exacting time than the railways have ever had to face.

25. The impossibility of meeting all the calls upon the railways has resulted not merely in serious inconvenience to many of the public, but in real hardships in a number of cases. As I suggested earlier, such hardships are more likely to increase than to decrease as our war effort grows in intensity. No one regrets this more than the railway administrations, who are themselves undergoing a considerable strain. I would acknowledge the forbearance shown by most sections of the public under present conditions, and ask for the fullest measure of co-operation in any trials that lie ahead. They will thus enable railwaymen in all ranks of the service to give of their best for the public welfare in every way they can and, in particular, by striving for that victory on which depends greatly the welfare of India for generations to come.



# BUDGET

of the

## Railway Revenue and Expenditure of the Governor-General in Council, as laid\* before the Indian Legislature, 1941.

(\*This was adopted without any modification.)

<p><b>RAILWAY DEPARTMENT ;</b>      }</p> <p><i>New Delhi, the 14th February, 1942.</i> }</p>	<p><b>T. S. SANKARA,</b></p> <p><i>Financial Commissioner of Railways.</i></p>
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## 1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.
	Rs.	Rs.	Rs.
<b>XV.—State Railways—</b>			
(A). Commercial lines—			
Gross receipts—			
Passenger traffic earnings—			
Upper class . . . . .	3,67,19	3,42,30	4,45,00
Third class . . . . .	27,01,32	26,83,70	30,61,00
Other coaching traffic earnings . . . . .	7,19,08	6,48,00	9,34,00
Goods traffic earnings . . . . .	75,67,03	73,15,25	88,16,00
Sundry other earnings . . . . .	2,54,01	2,27,75	3,15,00
<b>TOTAL EARNINGS</b>	<b>1,16,08,63</b>	<b>1,12,17,00</b>	<b>1,30,61,00</b>
Earnings of State Railways . . . . .	1,16,08,63	1,12,17,00	1,80,61,00
Suspense . . . . .	—24,09	—1,00	9,00
Gross receipts of State Railways . . . . .	(a) 1,15,84,54	(c) 1,12,16,00	(e) 1,30,70,00
Deduct—			
Working expenses of State Railways . . . . .	(b) 66,23,36	(d) 69,24,05	(f) 73,77,53
Surplus profits paid to Indian States and railway companies.	49,64	72,30	80,30
Payments to worked lines—			
(i) Net earnings . . . . .	3,02,89	2,90,60	3,17,00
(ii) Subsidy, Rebate, etc. . . . .	0,05	7,25	6,40
Net receipts . . . . .	45,97,61	39,21,80	52,78,77
(B). Strategic lines—			
Gross receipts . . . . .	1,73,28	1,62,00	2,20,00
Deduct—			
Working expenses . . . . .	1,97,63	1,97,85	2,08,30
Net receipts . . . . .	—24,25	—35,85	11,70
Total net receipts, Commercial and Strategic lines.	45,73,36	38,85,95	52,90,47
<b>XVI.—Subsidised Companies—</b>			
Government share of surplus profits, etc.	13,25	12,55	13,25
<b>XVI-A.—Miscellaneous Railway Receipts—</b>			
(a) Commercial lines—			
Interest on Railway Depreciation Reserve Fund balances.	1,35,93	1,51,01	1,74,92
Interest on Railway Reserve Fund Balances.	11,93	19,14	27,71
Dividend on investments in branch lines and other miscellaneous receipts.	29,35	28,05	27,80
(b) Strategic lines—			
Interest on Depreciation Fund balances	11,70	12,72	13,01
<b>TOTAL RECEIPTS</b>	<b>47,75,52</b>	<b>41,09,42</b>	<b>55,47,16</b>
<b>XVI-B.—Transfers from Railway Reserve Fund.</b>	...	...	...
<b>TOTAL</b>	<b>47,75,52</b>	<b>41,09,42</b>	<b>55,47,16</b>

(a) Includes 5,63,42 earnings of worked lines.

(b) Includes 2,60,53 working expenses of worked lines.

(c) Includes 5,53,00 earnings of worked lines.

(d) Includes 2,62,40 working expenses of worked lines.

(e) Includes 5,90,00 earnings of worked lines.

(f) Includes 2,78,00 working expenses of worked lines.



## Government in India and England from Railways.

(In thousands of rupees.)

Increase (+) Decrease (—) as compared with Budget, 1941-42	Budget Estimate, 1942-43.			Increase (+) Decrease (—) as compared with Revised, 1941-42.
	India.	England.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.
+1,02,70	4,38,00	...	4,38,00	—7,00
+3,67,30	29,85,00	...	29,85,00	—66,00
+2,86,00	9,14,00	...	9,14,00	—20,00
+10,00,75	80,53,00	...	80,53,00	—2,68,00
+87,25	3,01,98	2	3,02,00	—13,00
+18,44,00	1,26,91,98	2	1,26,92,00	—3,69,00
+18,44,00	1,26,91,98	2	1,26,92,00	—3,69,00
+10,00	—10,00	...	—10,00	—19,00
+18,54,00	1,26,81,98	2	(g)1,26,82,00	—3,88,00
+4,53,48	70,81,83	14,87	(h)70,96,70	—2,30,83
+18,00	68,20	...	68,20	—22,10
+26,40	2,47,50	...	2,47,50	—60,50
—85	6,72	...	6,72	+32
+13,56,97	52,77,73	—14,85	52,62,88	—15,89
+58,00	3,45,00	...	3,45,00	+1,25,00
+10,45	2,09,20	...	2,09,20	+90
+47,55	1,35,80	...	1,35,80	+1,24,10
+14,04,52	54,13,53	—14,85	53,98,68	+1,08,21
+70	6,18	1,47	7,65	—5,60
+23,91	2,22,56	...	2,22,56	+47,64
+8,57	28,19	...	28,19	+48
—25	25,13	2	25,15	—2,65
+29	13,90	...	13,90	+89
+14,37,74	57,09,49	—13,36	56,96,13	+1,49,97
...	...	...	...	...
+14,37,74	57,09,49	—13,36	56,96,13	+1,48,97

(g) Includes 4,77,00 earnings of worked lines.

(h) Includes 2,29,50 working expenses of worked lines.



## 2.—Statement of the Expenditure on Railways charged

HEADS OF EXPENDITURE.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.
	Rs	Rs.	Rs.
<b>15. State Railways—</b>			
<b>(A) Commercial lines—</b>			
Interest—			
On Government capital at charge . . . . .	26,42,41	26,86,82	26,86,59
On capital contributed by Indian States and Companies. . . . .	97,97	97,18	97,58
<b>Total interest, commercial lines . . . . .</b>	<b>27,40,38</b>	<b>27,84,00</b>	<b>27,84,17</b>
<b>(B) Strategic lines—</b>			
Interest on capital at charge . . . . .	1,27,40	1,26,11	1,26,68
<b>TOTAL INTEREST . . . . .</b>	<b>28,67,78</b>	<b>28,60,11</b>	<b>28,60,85</b>
<b>15 (C) Subsidised Companies—</b>			
Land . . . . .	1,23	2,00	4,70
Subsidy . . . . .	5,33	5,05	5,15
<b>15 (D &amp; E) Miscellaneous Railway     expenditure—</b>			
Commercial lines . . . . .	54,43	57,75	57,59
Strategic lines . . . . .	82	25	—1,25
<b>Payments to general revenues—</b>			
(i) Contribution . . . . .	4,62,59	*7,96,59	4,80,26
(ii) Payment of arrear contribution . . . . .	7,53,78	2,21,88	14,32,20
(iii) Additional payment . . . . .	...	...	...
Transfers to Railway Reserve Fund . . . . .	6,30,07	1,64,84	...
Repayment of loans taken from Deprecia- tion Reserve Fund. . . . .	...	...	7,07,60
<b>TOTAL . . . . .</b>	<b>47,75,52</b>	<b>41,09,42</b>	<b>55,47,16</b>

\* Includes 1,82,00 on account of advance payment of contribution payable in 1942-43.



to the Revenue of the Central Government in India and in England.

(In thousands of rupees.)

Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) Decrease (-) as compared with Revised, 1941-42
	India.	England.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.
-23	24,52,16	1,81,60	26,33,76	-2,83
+40	-26	78,12	77,86	-19,72
+17	24,51,90	2,59,72	27,11,62	-22,56
+57	1,23,05	...	1,23,05	-3,03
+74	25,75,55	2,59,72	28,35,27	-25,56
+1,70	3,80	...	3,80	-90
+10	5,08	...	5,08	-7
-16	46,40	10,75	57,15	-44
-1,50	25	...	25	+1,50
-3,16,33	5,14,30	...	5,14,30	+34,04
+12,10,43	13,67,41	...	13,67,41	-64,85
...	1,30,98	...	1,30,98	+1,30,98
-1,64,84	...	...	...	...
+7,07,60	7,81,89	...	7,81,89	+74,29
+14,37,74	54,25,60	2,70,47	56,96,13	+1,48,97



## 2(a).--Contribution from Railway to General Revenues, 1942-43.

(Based on actuals, 1940-41.)

(In thousands of rupees.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,98,26,82 at charge, commercial lines . . . . .		6,98,27
<hr/>		
<i>Deduct—Loss on strategic lines borne by railway revenues—</i>		
(i) Interest on capital . . . . .	1,27,40	
(ii) Loss in working . . . . .	12,87	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines .	43,70	
		1,83,97
Net payment due from railway to general revenues in 1942-43 . . . . .	...	5,14,30

NOTE.—The amount of the contribution due to General Revenues for 1941-42 is Rs. 4,80,26.



### 3.—Statement of the Capital Expenditure of the Central Government on Railways.

(In thousands of rupees.)

HEADS OF EXPENDITURE.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget, 1942-43.	Increase (+) Decrease (-) as compared with Revised, 1941-42.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Railway Capital not charged to Revenue :—</b>						
67.—Construction of State Railways :—						
A. Commercial Lines—						
Open Line Works—						
Rolling Stock . . . .	22,57	1,22,52	—8,79	—1,31,31	1,46,47	+1,55,26
Other Works . . . .	—1,12,22	2,86,80	1,36,60	—1,50,20	1,93,69	+57,09
New Construction . . .	80	11	—3,75	—3,86	5	+3,80
Suspense . . . . .	1,09,17	66,72	77,38	+10,66	1,06,64	+29,26
Miscellaneous . . . .	2,14,21	4,23	—2,98,08	—3,02,31	19,93,78	+22,91,86
Probable savings . . .	...	—90,65	...	+90,65	—95,08	—95,08
<b>TOTAL</b> . . . . .	2,34,53	3,89,73	—96,64	—4,86,37	28,45,55	+24,42,19
B. Strategic Lines—						
Open Line Works—						
Rolling Stock . . . .	—1,59	—1,50	—5,25	—3,75	9	+5,34
Other Works . . . .	1,04	—49	...	+49	4,26	+4,26
New Construction . . .	...	...	1,55	+1,55	...	—1,55
Suspense . . . . .	—2,66	60	—25	—85	1,07	+1,32
Probable savings . . .	...	...	...	...	—92	—92
<b>TOTAL</b> . . . . .	—3,21	—1,39	—3,95	—2,56	4,50	+8,45
<b>TOTAL COMMERCIAL AND STRATEGIC LINES</b> . . . . .	2,31,32	3,88,34	—1,00,59	—4,88,93	28,50,05	+24,50,64
67-C.—Discharge of Debentures . .	...	4,86,77	4,88,39	+1,62	62,94	—4,25,45



## A.—Railway Depreciation Reserve Fund.

(In thousands of rupees.)

	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.		Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening Balance.	30,75.03	35,13.03	36,20.34	50,83.94	Appropriation from Depreciation Reserve Fund.	7,18.83	6,80.00	5,12.00	7,00.00
Appropriation to Depreciation Reserve Fund.	12,64.14	12,68.00	12,68.00	12,63.00					
Transferred from Bengal and North Western and Rohilkund and Kumaon Railways' Renewal Reserve Fund.	...	...	...	4.59					
Repayment of loans taken from Depreciation Fund.	...	...	7,07.60	7,81.89	Closing Balance.	36,20.34	41,01.03	50,88.94	64,33.42
Total	43,39.17	47,81.03	55,95.94	71,33.42	Total	43,39.17	47,81.03	55,95.94	71,33.42

NOTE.—The balances exclude 40 lakhs invested in branch lines.



## B.—Railway Reserve Fund.

(In thousands of rupees.)

	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.		Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening Balance.	47,86	4,12,05	5,89,07	6,79,19	Appropriation from Reserve Fund.	90,12	...	...	...
Write-back of the cost of dismantled lines debited to railway reserve in 1940-41.	...	...	90,12	...	Investment Account (gain on Securities)	—1,26	...	...	...
Appropriation to Reserve Fund.	6,30,07	1,64,84	...	...	Closing Balance.	5,89,07	5,76,89	6,79,19	6,79,19
Total	6,77,93	5,76,89	6,79,19	6,79,19	Total	6,77,93	5,76,89	6,79,19	6,79,19







## **Speech of the Hon'ble Sir Leonard Wilson, Chief Commissioner of Railways, in presenting the Railway Budget for 1942-43 in Council of State.**

Sir, I have the honour to present the statement of estimated revenue and expenditure in respect of Indian railways for the coming year. Before disclosing these estimates, I have to deal briefly with the income and expenditure of the past and the present year.

### *Accounts for 1940-41.*

2. Last year at this time I estimated that the year would close with a surplus of 14½ crores. Actually, our receipts were more than 2½ crores above our estimates, and our expenditure over a crore less, and we closed with a surplus of a little less than 18½ crores. The decrease in expenditure was due to the inability of railways to spend on account of the difficulties in getting materials and in our being unable to pay in full the dearness allowance sanctioned in March with back effect from 1st October, 1940, for which provision was made in the revised estimates. In the allocation of the surplus we paid 12·16 crores to general revenues and transferred 6·30 crores to railway reserve.

### *Revised Estimate for 1941-42.*

3. When presenting the budget last year, I briefly touched on the difficulties of making an estimate of earnings in the existing conditions. Relating our estimates closely to the earnings of the past year, and making the assumption, which seemed reasonable at the time, that the level reached in January 1941 would not be maintained, we placed our estimate of traffic receipts at 108½ crores. Events have served only to emphasise the difficulties of estimating in war time, and we now expect, not without a measure of speculation, that by the end of the year our gross traffic receipts will reach the record figure of 127 crores. We also expect an increase of 16 lakhs in net miscellaneous receipts which we now put at 94 lakhs.

4. On the expenditure side there is an increase of 4·53 crores over the budget, our revised estimate of working expenses, including depreciation, being 73·13 crores against the original budget of 68·60 crores. As explained at length in the explanatory memorandum, an increase of 3·44 crores is due to the transfer of the expenditure on ballast renewals from the depreciation fund to working expenses and to the write-off from capital of the cost of dismantled lines and abandoned assets. Excluding these, the increase is only 1·09 crores. Heavier expenditure on coal and on staff for dealing with the phenomenally high traffic account for an increase of a crore, air raid precautions for over 42 lakhs and repairs to flood damages for 16 lakhs. Against these increases must be set off savings due to the inability of railways, in existing conditions, to work up to their original programme of repairs. We now expect a surplus of 26·20 crores which is 14·37 crores more than expected at the time the Budget was prepared.

5. The contribution from revenue to the depreciation fund during the current year will be 12·68 crores. Expenditure from the fund, with which I shall deal later, will be 5·12 crores.



*Revenue in 1942-43.*

6. Our revenue estimate for 1941-42 is speculative, but that for 1942-43 is much more so. We can only relate it to the current year's receipts and make allowance for certain known factors. They are, on the one hand, the dismantlement of lines and the withdrawal of rolling stock for service overseas and, on the other, the measures taken to improve the turn-round of wagons, the proposed purchase of the Bengal and North Western, Rohilkund and Kumaon, Tapti Valley and Mirpurkhas Khadro Railways and a few minor increases in fares and freights. We place our estimate of gross traffic receipts at 125.50 crores and, in addition, we expect a net revenue of 1.56 crores from miscellaneous transactions.

7. As regards the proposed increases in freights and fares, we have for some time had under consideration the fares charged on the East Indian and North Western Railways, and we have now decided to raise them to a small extent, which will bring them more into line with those on the other major systems, though generally they will still remain at a slightly lower level.

Parcels traffic has much increased and the reduced passenger train services are overloaded. It is therefore proposed to enhance the existing increased charge of two annas in the rupee on parcels traffic to four annas in the rupee in order to check a tendency for the higher-valued consignments at present moving by goods trains, which are liable under present day conditions to considerable delay, being transferred to the parcel services. Excess luggage charges which are the same as parcel charges will be similarly enhanced. The increases in passenger fares, luggage and parcel charges are expected to yield about a crore.

8. Whilst present conditions continue, it is essential that the best possible use shall be made of wagons. To ensure this, railways are proposing to make certain changes in the weight conditions applied to rates, and also, to impose on certain traffic which can move in wagon loads, foodgrains being included, a slight increase in the charges for small consignments, which for foodgrains would amount to 2 annas in the rupee, the existing charges being retained for consignments in wagon loads. This is not being done with a view to increase revenue, the objective being to encourage the loading of wagons to full capacity and to discourage small consignments of those commodities which can be sent in wagon loads.

*Expenditure from Revenue in 1942-43.*

9. Our estimate for ordinary working expenses, excluding depreciation has been placed at 58.13 crores against 60.45 crores estimated in the current year. Excluding, for the purpose of comparison, the adjustment of 3.02 crores in the current year on account of abandoned assets and dismantled lines, and 41 lakhs on account of other non-recurring expenditure, there is an increase of 1.11 crores over the current year, due to the anticipated increase in the cost of repairs, maintenance and operation. After allowing for a reduction of 26 lakhs in interest charges, we estimate that the year's working should result in a surplus of 27.95 crores, that is, 1.75 crores more than in the current year. The appropriation to the depreciation fund will be 12.63 crores, and the withdrawals are estimated to be 7 crores, giving a net accretion of 5.63 crores to the fund.

*Disposal of Surplus.*

10. As I have already stated, we expect a surplus this year of 26.20 crores after meeting interest charges. Adopting the same procedure for the allocation of the surplus as was adopted last year, the Railways will retain 7.08 crores,



and General Revenues will get 19·12 crores. Government intend to place before the Legislature a resolution to extend for another year the moratorium which is due to expire at the end of next month and, if this be accepted, we propose to allocate the surplus of 1942-43 on the same basis. The estimated surplus after meeting interest charges is 27·95 crores which would thus be divisible, 7·82 crores to Railways and 20·13 crores to General Revenues.

11. Here I should like briefly to explain the change Government have decided upon in regard to the treatment in accounts of the respective shares of surplus after division between general revenues and railways. According to the arrangements which I explained last year, payments to general revenues in excess of the 1 per cent. contribution were treated partly as their share of the surplus and partly as payment of the arrears of contribution. For reasons given in the explanatory memorandum, Government have now decided that all payments to general revenues in excess of the 1 per cent. contribution should be taken towards discharge of the arrears of contribution. It follows that the portion of the surplus left with the railways as their share should be taken in reduction of the loan from the depreciation fund. While it is not proposed to readjust the sum of 6·30 crores credited to the railway reserve last year, the railway share of the surplus this year will be credited to the depreciation fund, and the same procedure will be adopted in subsequent years till the loans from the depreciation fund have been fully repaid. I need not inflict on the House the consequential calculations which are fully detailed in the explanatory memorandum. All I need say is that our liability to general revenues at the end of the current year will be 13·68 crores and, if our expectations are realised, we shall be able to repay this amount and also contribute to General Revenues a sum of Rs. 1·31 crores in excess of the payments required under the Convention. The outstanding loans from the depreciation fund will be 23·21 crores at the end of this year and 15·39 crores at the end of the next. Our balance in the depreciation fund at the end of 1942-43 will be 64·69 crores, including 40 lakhs invested in branch lines.

#### *Railway Reserve.*

12. In 1940-41, 6·30 crores were paid into the railway reserve fund, and 90 lakhs were withdrawn on account of that portion of the cost of dismantled lines which could not be debited to the depreciation fund. It has now been decided that this amount is correctly a charge against revenue and therefore 90 lakhs have been restored to the railway reserve, the balance in which will then stand at 6·79 crores. Apart from this adjustment, no addition to the railway reserve will be made during the current or next year.

#### *Capital and Depreciation.*

13. I shall now turn to our expenditure under capital and from the depreciation fund. During the current year, our revised estimate allows for an expenditure of 3·88 crores under capital and 5·12 crores under depreciation fund. In the capital expenditure is included a sum of 5 crores on account of the purchase price of the Assam Bengal and the Bombay, Baroda and Central India Railways and the balance of the purchase price of the Bengal Dooars Railway, and a credit adjustment of 2·83 crores on account of the write-off of the value of abandoned assets and dismantled lines. Our programme for 1942-43 includes 20 crores for the purchase of the Bengal and North Western, Rohilkund and Kumaon, Tapti Valley and Mirpurkhas Khadro Railways. For open line works, the programme provides one crore for increase in stores balances,



4½ crores for track renewals, ¾ crores for bridges, two crores for other engineering and structural works and 6½ crores for rolling stock. We expect a credit of 1½ crores for released materials. Though the total programme for open line works, including the purchase of railways, works up to over 33 crores, we have, after making allowance for the probability that railways will be unable to spend the full amount, provided only 30½ crores, of which 7 crores will be charged to the depreciation fund.

14. I shall now attempt to show in outline some of the aspects of the railways' activities in the past year. The expansion of India's war effort has thrown an ever-increasing burden on railways, and it is now apparent that restrictions will have to be imposed on traffic over the heavily loaded sections of the system. In the years following the depression of 1930, railways were forced by financial stringency to reduce their locomotives and personnel to the numbers necessary for busy season requirements, and even line capacity was to some extent reduced by the removal, on single lines, of some crossing stations. Their ability therefore to deal with the increased traffic due to the war has been dependent largely on the utilisation of their spare capacity in the slack season and to some extent on a reduction of about 10 per cent. in the less important passenger train services. The result is that we have been able this year to deal with about 30 per cent. more freight ton miles than in 1938, the year preceding the war, and have been able to carry more passengers, the increase in passenger miles being about 16 per cent. As the traffic increased, the pressure was felt mostly on broad gauge engines and staff. Engines have been transferred from other railways to those most heavily loaded, but very little more relief can be expected by this means, as single line capacity, especially on the Great Indian Peninsula and the Bengal Nagpur Railways, will be the limiting factor. Further expansion of goods traffic on the fully loaded sections will therefore only be possible by a further reduction in passenger train services. I would here mention that the heaviest increase in traffic has been imposed on the Great Indian Peninsula Railway on which, compared with the pre-war year 1938, the increases are 55 per cent. in freight ton miles and 33 per cent. in passenger miles. The shortage of running staff is being made good, but this has been delayed to a great extent by our having to supply men to the Defence Department, to which I shall refer later.

15. No review of the traffic position would be complete without a reference to coal, the movement of which has accounted for about 40 per cent. of the total freight ton miles in the past year. I shall limit my further remarks to coal from the Bengal and Bihar fields. From these in the 12 months ending December 1941, we hauled over 1,075,000 wagons of coal, which is slightly more than in the previous year, but with rising demands the position is not satisfactory, and the extent to which we have been able to meet them was only possible at the expense of our stocks of locomotive coal which have been depleted by 500,000 tons. Further depletion cannot be permitted, and on some railways the stocks are too low and must be built up.

16. The coal for shipment, locomotives, government requirements and public utility concerns, which is normally given priority, accounted for 65½ per cent. of the wagons loaded. This left about 371,000 wagons for what is termed "public" supply. Of the wagons loaded for "public", it was found necessary in the last two months of the year to give priority to about 6,900, the coal being required for factories employed on war work whose stocks had fallen below 20 days' consumption. Such demands for priority are bound to increase with increasing consumption and it will be readily understood how essential it is to



'curtail consumption for all but essential purposes. The railways' action in reducing passenger services is intended not only to release capacity for goods traffic but also to reduce coal consumption.

17. I have already referred to the speculative nature of budget estimates in war time, and I am sure that it is generally accepted that this is inevitable, but some examples of the disturbances which upset our calculations may be of interest. The coal traffic alone, which was formerly handled by coastwise steamers but is now carried by rail to west coast ports, involves the constant use of over 4,000 wagons which could otherwise be employed in the carriage of higher rated traffic. When a railway is working to capacity, heavy movements of troop and prisoner specials cause a hold-up of goods traffic which cannot be overtaken. The lifting of branch lines and the supply of track, locomotives and rolling stock and the conveyance of all these cause disturbances to other traffic and ultimately affect earnings. The evacuation of large numbers of people from threatened areas seriously affects the traffic on the railways concerned, especially on the sections working to full capacity. The effect of overloading of one railway, such as is being experienced by the Great Indian Peninsula Railway, has repercussions, which cannot well be estimated, on all railways interchanging traffic with it. The examples could be multiplied but I feel that those I have given, sufficiently outline the problems with which we are faced.

18. In regard to the supply of essential materials for maintenance purposes, the anxiety which I expressed last year has continued throughout the year and in some directions there has been a shortage. But considering all the difficulties to be overcome we have been more fortunate than might have been expected. With the approach of the war nearer to India, we must expect greater difficulty in obtaining supplies, and it is obviously impossible to foretell the extent to which this will affect our services. We have been dependent on imports for our supply of wheels, tyres and axles and during the war there has been delay in obtaining these. But owing to the enterprise of Messrs. Tatas, a plant which was started up in November 1941 will, after a trial period, be able to meet all our demands. This will be a source of gratification to all of us interested in the development of India's industrial resources.

19. The progress on locomotive building in the Ajmer Shops of the Bombay, Baroda and Central India Railway, now State-owned and managed, has, as I anticipated last year, suffered delay for want of materials. These shops have been building from 10 to 15 metre gauge locomotives a year but have only been able to complete 9 of these during the past year, and this with material for which arrangements were made before the difficulties created by the war became acute. The building of the light broad gauge locomotives to which I referred last year, has made disappointing progress, and it is now improbable that materials will be available to enable the first to be completed by the end of this year.

20. In order to release for defence purposes an increased proportion of the capacity of the mill in Messrs. Tatas' works in which shell bar, heavy structurals and rails are rolled, Railways have had to restrict their demands for rails to those falling under the heading of " safety " and for urgent works with a definite war effort value, with the result that they have been able to obtain only about half their normal requirements.

21. Whilst on the subject of deferred renewals, it is well to remember that through the depression in the last decade it has been necessary, because of financial stringency, to follow the policy of deferring renewals which would otherwise have been carried out to maintain the assets in the highest state of



efficiency and to deal with obsolescence. This policy must in war be followed more strictly, partly for the same reason but mainly for the overriding reason that materials are not available. This has resulted in accretions to the depreciation fund which, without this back ground, would appear to be excessive. It must also be remembered that the contributions to the fund do not exceed the original cost of the wasting assets divided by the average life in years of the assets. The amount in the fund cannot, therefore, exceed the requirements for replacement and must, in fact, fall short of those requirements if, as is usually the case, the replacement cost exceeds the original cost. During a period when the capital at charge has risen due to expansion of the system, there must be an increasing balance in the fund until the new assets fall due for replacement and are replaced. For these and other reasons the Railway Board are satisfied that the amounts in the fund accruing on the present basis will certainly not be more than necessary to meet the calls which will be made upon it in the future and they may well prove to be inadequate.

22. Last year when dealing with the revised estimates for 1940-41 I informed the House that we had made provision for a dearness allowance which was then under consideration. In March, it was decided to pay certain allowances in addition to the wages of September 1940 and subsequent months. In November 1941 these allowances were enhanced 50 per cent. and extended in their application to more employees than had hitherto received them. The allowances now stand at Rs. 4-8 on pay up to Rs. 70 per mensem in Bombay and Calcutta, Rs. 3-12 on pay up to Rs. 60 per mensem in towns with a population of 100,000 and over and in certain other important centres and Rs. 3 on pay up to Rs. 35 per mensem in other areas. On both occasions the allowances were decided upon after discussion and in agreement with the representatives of organised labour.

23. Work on munitions production has steadily increased throughout the year in railway workshops, and there are now some 16,000 workshop employees engaged on this work. This has involved the recruitment and training of a large number of men, in replacement, in order to carry on the railway work in the shops. From the shops and from all other branches of the service we have supplied men for Military Railway Companies and we have also undertaken the recruitment and training of the large additional number required for these companies. The total number involved is about 20,000. Up to date 233 officers have been released for service in the Defence and Supply Departments. It will be appreciated that the work of recruitment and training has thrown a heavy burden on the considerably depleted experienced staff of the railways.

24. Last year I informed the House that, in order to provide track for defence purposes, branch lines covering 348 miles had been, or were about to be, lifted. Further urgent demands for track arose during the year and the total mileage lifted in the two years will amount to 770. This has necessitated the removal of 19 branch lines. In addition, we shall have supplied in the same period about 800 miles of track from stock and from rails released by relaying operations. Fortunately we have not had to meet all the demands for track, and new rollings will cover a mileage not far short of that provided by lifting. There have been heavy demands for metre gauge engines and rolling stock and lighter demands for broad gauge stock. The supply of these is progressing as rapidly as circumstances permit.

The less used branches, provided the track was suitable, have been lifted, thereby limiting the inconvenience to the public as far as possible though this may not be appreciated by those directly affected. The withdrawal of engine and rolling stock can be and has been spread throughout the country, thus



widely distributing any effects which may result from shortage of stock. It must be borne in mind that the track, engines and rolling stock are required for the defence of India in which transport plays so vital a part and that their withdrawal is therefore in the best interests of the country.

25. With the approach of the war to India, it has become necessary for railways to undertake certain measures for the continuance of railway communications in the event of an attack by the enemy, particularly from the air. These measures, taken in close co-operation with Military Authorities and Provincial Governments, include the constitution of Air Raid Precautions Services on railways, lighting restrictions, structural protection of important railway installations, the provision and distribution of reserves including bridge spans and tools and plant, the protection of railway personnel and passengers, and war planning. Considerable progress has been made with these measures, particularly in the areas most threatened.

26. Our recent experience in handling the voluntary evacuation by rail of some 500,000 people from the Calcutta area has been valuable and will enable us to make improvements in the arrangements where these have proved to be necessary. On this occasion we had the close co-operation of the Bengal Government and the business community which it gives me great pleasure to acknowledge. The maximum capacity of the railways for evacuation was not utilised as this would have involved a dislocation of goods services which did not, in the circumstances, appear warranted, and it is in deciding what measures should be taken at a given time that the co-operation I have mentioned is so helpful. Despite an element of panic among some sections of the public, the railwaymen carried on under difficult conditions, and I trust that due allowance will be made for this by those who suffered inconvenience on the railways at that time.

27. The nature of the duties of railwaymen engenders self-reliance and a sense of responsibility and, in all plans made to meet the consequences of enemy attack, or the fear of it, the country expects them to carry on, not only as usual but more so, and I believe we can rely on them. We whose duty it is to guide the affairs of so vast an undertaking as the Indian State Railways, are under no misapprehension as to our abilities and are well aware that such success as railways have had in their various endeavours during the past year is, as ever, dependent on the loyal co-operation of railwaymen of all ranks which it is now my privilege gratefully to acknowledge.







**Details of Voted and Non-voted amounts included in the Demands for Grants (Railways) for the year 1942-43.**

Number of demand.	Name of Demand.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs.
1	Railway Board . . . . .	11,96,000	4,84,000	16,80,000
2	Audit . . . . .	14,31,000	1,94,000	16,25,000
3	Miscellaneous expenditure . . . . .	11,75,000	16,40,000	28,15,000
5	Payments to Indian States and companies . . . . .	3,27,50,000	..	3,27,50,000
6-A	Working expenses—Maintenance of structural works . . . . .	8,80,23,000	16,17,000	8,96,50,000
6-B	Working expenses—Maintenance and supply of locomotive power . . . . .	20,48,46,000	8,84,000	20,57,30,000
6-C	Working expenses—Maintenance of carriage and wagon stock . . . . .	6,27,28,000	3,32,000	6,30,60,000
6-D	Working expenses—Maintenance and working of ferry steamers and harbours . . . . .	32,33,000	17,000	32,50,000
6-E	Working expenses—Expenses of Traffic Department . . . . .	11,09,43,000	10,07,000	11,19,50,000
6-F	Working expenses—Expenses of General Departments . . . . .	4,24,88,000	17,62,000	4,42,50,000
6-G	Working expenses—Miscellaneous expenses . . . . .	4,83,62,000	13,48,000	4,97,10,000
6-H	Working expenses—Expenses of Electrical Department . . . . .	3,64,71,000	2,19,000	3,66,90,000
7	Working Expenses—Appropriation to Depreciation Fund . . . . .	12,63,00,000	..	12,63,00,000
8	Interest charges . . . . .	1,54,000	28,33,73,000	28,35,27,000
9	Temporary withdrawals from Depreciation Fund . . . . .	..	..	..
9-A	Repayment to Depreciation Reserve Fund . . . . .	7,81,89,000	..	7,81,89,000
10	Appropriation to Reserve . . . . .	..	..	..
10-A	Withdrawal from Reserve . . . . .	..	..	..
11	New construction . . . . .	5,000	..	5,000
12	Open Line Works . . . . .	36,49,80,000	20,000	36,50,00,000

*Appendix A.—Working Expenses and other Revenue charges relating to Strategic Lines.*

*Appendix B.—Expenditure on Open Line Works and New Constructions relating to Strategic Lines.*



		Commercial and (In lakhs)							
		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
		M.	M.	M.	M.	M.	M.	M.	M.
Mileage	State-owned	27,002	27,000	27,664	28,086	29,111	30,878	3,197	31,640
	Worked lines	5,847	5,977	5,815	5,812	5,843	4,733	4,873	4,870
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts.	State-owned	1,00,13	98,94	98,42	1,08,43	1,03,73	1,02,70	95,10	86,63
	Worked lines	7,34	7,12	6,77	7,18	7,27	6,47	4,99	5,07
Operating expenses	State-owned	51,65	52,09	52,89	53,06	54,22	55,59	54,39	49,31
	Worked lines	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63
Depreciation Fund		10,35	10,67	10,89	11,33	12,00	12,59	13,07	13,46
Payments to worked lines		3,64	3,55	3,44	3,65	3,64	3,17	2,33	2,44
Net Traffic receipts (State lines).		33,13	35,28	34,64	38,99	37,51	34,52	27,84	23,86
Net Miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to companies.		-1,07	-1,19	-1,27	-87	-37	-2	-11	1
Net revenue		37,06	34,09	33,37	38,12	37,14	34,50	27,53	23,87
Interest charges		23,90	24,81	25,87	27,27	29,33	30,46	32,72	33,07
Surplus		13,16	9,28	7,50	10,85	7,81	4,04	-5,19	-9,20
Paid as contribution to general revenues.		6,73	5,49	6,01	6,28	5,23	6,12	5,74	...
Transferred to railway reserve.		6,38	3,79	1,49	4,57	2,53	-2,08	-10,93	-4,95

\*Excluding Burma Railways. For

NOTE 1.—The balance of the loss in 1931-32 and the total loss in the following years to 1935-36 have 1936-37, 1941-42 and

NOTE 2.—Credits for material released from works not charged to revenue were taken in reduction included in net miscellaneous receipts. From 1936-37, they are taken in reduction of expenditure met each; in 1934-35, 90 lakhs;

NOTE 3.—Working expenses were reduced in 1930-31 by 166 lakhs by a credit from the Deprecia refunds of expenditure



**Strategic lines together.**

of rupees.)

1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	Revised Esti- mates, 1941-42.	Budget Esti- mates, 1942-43.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
81,642	81,644	81,619	81,732	81,729	29,764	29,725	29,797	29,728	29,278	31,017
4,866	4,613	4,634	4,578	4,398	4,084	4,083	3,988	4,011	4,011	2,272
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
84,43	86,63	90,20	90,65	95,49	95,01	94,43	97,65	1,11,94	1,27,00	1,25,59
4,86	5,13	5,28	5,37	5,53	5,45	5,14	5,08	5,64	5,90	4,77
49,08	49,50	50,27	50,87	50,23	50,37	51,48	52,26	53,01	60,45	58,13
2,49	2,60	2,66	2,68	2,66	2,64	2,53	2,51	2,61	2,73	2,30
13,77	13,56	13,72	13,25	13,15	12,57	12,56	12,59	12,64	12,68	12,63
2,37	2,53	2,62	2,69	2,87	2,81	2,61	2,57	3,03	3,17	2,47
21,58	23,57	26,21	26,53	32,11	32,07	30,44	32,80	46,29	53,87	54,74
1,10	1,05	53	86	—0	—5	23	64	85	94	1,56
22,68	24,62	26,74	27,39	32,02	32,02	30,67	33,44	47,14	54,81	56,39
32,01	32,58	31,80	31,39	30,81	29,26	29,30	29,11	28,68	28,61	28,35
—10,23	—7,96	—5,06	—4,00	1,21	2,76	1,37	4,33	18,46	26,20	27,95
...	...	...	...	...	2,76	1,37	4,33	12,16	19,12	20,13
...	...	...	...	...	...	...	...	6,30	...	...

other years, please see Appendix IV.

been met by temporary borrowings from the Depreciation Fund. The balance of the surplus in the years 1942-43 has been paid into the depreciation fund.

of operating expenses up to 1931-32. From 1932-33 onwards they have been added to receipts and are from the Depreciation Fund. The amounts involved are as follows: in 1932-33 and 1933-34, 119 lakhs and in 1935-36, 110 lakhs.

tion Fund for correction of past accounting adjustments and in 1924-25 by 179 lakhs by certain abnormal in previous years.







# Explanatory Memorandum on the Railway Budget for 1942-43

## INTRODUCTORY.

The results of commercial and strategic lines are, as usual, dealt with together. They are, however, shown separately in a concise form in Parts III and IV respectively of the memorandum.

### PART I.

#### SUMMARY OF RESULTS.

##### *Surpluses.*

	(In crores.)
1940-41 . . . . .	18.46 (actual).
1941-42 . . . . .	26.20 (anticipated).
1942-43 . . . . .	27.95 (anticipated).

#### 1940-41.

2. The actual net results of 1940-41 were better than those of 1939-40 by 14.13 crores, and exceeded even our revised estimate by 3.87 crores. As regards receipts, we anticipated a substantial betterment, as compared with the previous year, partly on account of the increase in traffic due to the present war and partly on account of the increase in freights and fares, brought into effect from the 1st March 1940. Actually, the betterment turned out to be much more than we had expected, the improvement in the last three months of the year exceeding all our expectations. The total receipts for the last three months of 1940-41 exceeded those of the last three months of 1939-40 by 4.69 crores, and the gross traffic receipts for the whole year rose to 111.94 crores against 97.65 crores for 1939-40 and 109.25 crores in our revised estimate, an increase of 14.29 crores and 2.69 crores respectively. The actual working expenses also varied from the estimate on the favourable side, being below the revised estimate by 1.06 crores, interest charges were 6 lakhs less, and net miscellaneous receipts 6 lakhs more than the revised estimate, so that the actual surplus exceeded our revised estimate by 3.87 crores. More than half of the reduction in working expenses was under repairs and maintenance, on account of difficulties in obtaining materials, and the balance was due to the fact that arrear payments on account of dearness allowance sanctioned in March 1941 with retrospective effect from 1st October 1940 could not be disbursed in full during the year. Out of the surplus of 18.46 crores, 12.16 crores were paid to general revenues, 4.63 as contribution for the year, 30 lakhs in repayment of the deficiency in the contribution of 1939-40, 3.51 crores as general revenues' share of the year's surplus, and 3.72 crores in repayment of the arrears of contribution in respect of the period, 1931-32 to 1938-39. When the revised estimate for 1940-41 was prepared this time last year, the total payments to general revenues were expected to be 9.96 crores. The actual surplus having exceeded the revised estimate by 3.87 crores, the general revenues received 2.20 crores more. The amount, transferred to the railway reserve, was 6.30 crores against 4.63 crores originally estimated and, at the end of 1940-41, the balance in the reserve, after meeting an expenditure of 90 lakhs (against the original estimate of a crore) on account of the cost of dismantled lines, was 5.89 crores.



3. The expenditure from the depreciation fund was 7·19 crores, while the appropriation from revenue to the fund was 12·64 crores. The actual balance at the credit of the fund at the end of the year was thus 5·45 crores more than the opening balance, and stood at 36·60 crores (including 40 lakhs invested in branch lines). The nominal balance, including the temporary loans, amounting to 30·29 crores, taken from the fund to meet the deficits for the five years from 1931-32, was 66·89 crores.

#### 1941-42.

4. In framing the budget estimate of receipts for 1941-42, we were guided by the revised estimate for 1940-41, after making allowance for the fact that the receipts in January 1941 were abnormally high. We, therefore, fixed our budget figure of receipts at a crore less than our revised estimate for 1940-41, i.e., at 108·25 crores. Actually, the high level attained in the month of January was more than maintained in the two following months, and we earned in 1940-41, 2·69 crores more than our revised estimate. The improvement in traffic earnings which became evident last year, has continued practically throughout the year. Even in the period July to September 1941, usually a period of slack traffic, our earnings were only 1·33 crores below the high water mark of the last quarter of the previous year. As a matter of fact, we are now unable to carry all the public goods traffic which is offering owing to heavy traffic for defence purposes. Railways are not only unable to put on additional passenger trains but have been compelled to reduce passenger services, and are driven to undertake publicity for discouraging travel. We now expect the gross receipts of the current year to be 127 crores, that is, 15·06 crores more than last year, and 18·75 crores more than our original estimate.

5. We estimated the working expenses, including appropriation to the depreciation fund, as 68·60 crores. We now expect an expenditure of 73·13 crores. This, however, includes certain special adjustments, for which we had made no provision in the budget.

It has been decided to give effect in the current year to the decision, reached in 1938 (*vide* Volume XIV—No. 3, pages 58-59 of the proceedings of the Standing Finance Committee for Railways) but postponed for a more suitable time, that the expenditure on ballast renewals should be charged not to the depreciation fund but to revenue. This accounts for an expenditure of 41·82 lakhs.

Last year, provision was made for debiting, to the depreciation fund by credit to capital, the cost of assets abandoned before 1924-25 on state-managed railways. This decision has been reconsidered and it has been decided that, as these assets were abandoned before the institution of the depreciation fund which has, therefore, not received any contribution in respect of them, it is more appropriate to charge their cost to revenue. The total debit, on account of such abandoned assets, including the write-back from the depreciation fund of the amount charged to it last year, is 81 lakhs.

The third special item is on account of branch lines dismantled on state-managed railways. Last year, a sum of 90 lakhs was written off the capital at charge of railways on account of that balance of the cost of dismantled lines which was not covered by the contribution accumulated up to that date in the depreciation fund on their account *plus* the value of, or recoveries made for, released materials. This adjustment has also been reconsidered, and it has been decided, with the approval of the Auditor General, that the more appropriate and correct procedure is to debit the uncovered balance in respect of lines dismantled direct to revenue. This debit amounts to 221·40 lakhs.



Excluding these three special items our revised estimate is 69·69 crores against the budget estimate of 68·60 crores. This should be expected in view of the extraordinary increase in traffic. The expenditure under the head, supply and maintenance of locomotive power, the head of expenditure which primarily reflects the growth of traffic, is over a crore above the original budget and an expenditure of about 43 lakhs is expected under air raid precautions. But against this should be set off a saving of 39 lakhs under repairs to carriages and wagons due to the inability, under existing conditions, of any railway to work up to its original programme of repairs.

Net traffic receipts, after meeting working expenses, are expected to be 7·58 crores more than last year.

The net result of the miscellaneous transactions is expected to show a betterment of 9 lakhs.

The total net revenue of all state-owned railways is now estimated to be about 7·67 crores more than last year (54·81 crores against 47·14).

The interest charges are also 7 lakhs less than last year.

The surplus of all state-owned lines is thus estimated to be 7·74 crores over last year, *i.e.*, 26·20 crores against 18·46 of last year.

6. Under the special arrangements, introduced last year for the distribution of the railway surplus, outside the terms of the moratorium resolution, 19·12 crores, out of the surplus of 26·20 crores, will be paid to general revenues. The amount is made up as follows :—

	Crores.
Contribution calculated at 1 per cent. of the capital at charge in 1939-40, less the loss on strategic lines.	4·80
One-third of the excess, over 3 crores, of the surplus in 1941-42, left after payment of the above contribution	6·13
Advance payment of the amount due in 1942-43 on account of one-fifth of the surplus on the working of commercial lines in 1940-41	2·58
Payment of arrears of contribution due in respect of past years	5·61
<b>Total</b>	<b>19·12</b>

The arrangements, referred to above, contemplated that, of the payment of 14·32 crores (19·12 *minus* 4·80) over and above the 1 per cent. contribution, only 5·61 crores would be taken in reduction of the arrears of contribution, and the balance of 8·71 crores as the general revenues' share of the surplus.

7. This surplus for division has, however, accrued only because of the moratorium which keeps in abeyance that provision in the separation resolution of 1924, which requires that the loans from the reserves should be repaid and the deficiencies in the previous years' contribution to general revenues made good, before any surplus accrues for division. Government have consequently decided that the whole of the payment, which the railways have been enabled to make out of their surplus to general revenues by reason of holding in abeyance the liability to repay the loans from the depreciation fund, should go to discharge the liability for the unpaid contribution to general revenues. Accordingly, the entire amount of 14·32 crores mentioned above (and not 5·61 crores only) will be taken in reduction of the arrears of contribution.



This decision applies also to the payments made by railways in 1940-41. According to the arrangements originally contemplated, the total payment of 12·16 crores was treated as follows :—

	Crores.
1 per cent. contribution . . . . .	4·63
Deficiency in the contribution of 1939-40 . . . . .	·30
1/3rd of the excess of the surplus over 3 crores . . . . .	3·51
Repayment of arrears of contribution . . . . .	3·72
Total . . . . .	12·16

Under the present decision, besides the sum of 3·72 crores, the item of 3·51 crores will also be taken to be in repayment of arrears.

8. Two other small adjustments have also been made, which have the effect of reducing the liability of railways to general revenues by 18 lakhs. For a long time, a sum of 45½ lakhs had been incorrectly included in the capital at charge of the East Indian and Great Indian Peninsula Railways in respect of telegraph wires, which were the property of the Posts and Telegraphs Department, and the railways had been paying thereon interest charges and the 1 per cent. contribution to general revenues. This was rectified in 1938-39. While the mistake continued, railway revenues were held as liable, in respect of interest and contribution, for a larger amount than they really were and the debt to general revenues on account of unpaid contributions from 1931-32 to 1938-39 was consequently overstated. So long as the railways had not started paying the debt, this was immaterial. But now that the railways have started paying it and hope, as will be seen later from this memorandum, to pay it off completely in another year, it has become imperative to rectify this mistake.

Past accounts show that a slight overpayment has been made in respect of the contribution to general revenues during the period 1924-25 to 1929-30. Opportunity has been taken now to set right this mistake also.

The net result of the above corrections is the reduction of the amount of unpaid contribution by 18 lakhs.

9. At the end of 1939-40, the liability to general revenues for arrear contributions was 35·71 crores. As a result of the transactions described above, the liability at the end of 1941-42 is estimated to be 13·68 crores only.

10. After paying 19·12 crores to general revenues, we are left with a balance of 7·08 crores. According to the original budget, this should be transferred to the railway reserve. But, from the decision taken now to treat payments to general revenues as repayments of arrear contribution, it would follow logically that the portion of the surplus, which is finally left as the railways' share, should be taken in reduction of the loan from the depreciation fund. It may also be mentioned here that even the repayment of this loan in full will not bring the depreciation fund up to an amount which is adequate having regard to the calls likely to be made on it in the future. The outstanding loans from the depreciation fund at the end of 1941-42 will then be reduced to 23·21 crores. The normal contribution to the fund in the current year will be 12·68 crores, while the net expenditure on renewals and replacements, chargeable to the fund, is expected to be 5·12 crores. The total net accretion to the fund, including the repayment of the loan, will thus be 14·64 crores, and the actual balance at the end of the year will be 51·24 crores (including 40 lakhs invested in branch lines). The nominal balance will be 74·45 crores.

11. At the end of 1941-42, the liabilities of the railways to be met in subsequent years will amount to 36·89 crores, 23·21 crores to the depreciation fund and 13·68 crores to general revenues on account of the balance of arrear contribution.



12. The amount in the railway reserve will be increased by 90 lakhs as a result of the write-back, for the reasons given in para. 5 above, of the cost of lines dismantled in 1940-41, and the balance in that reserve at the end of the year will be 6·79 crores.

### 1942-43.

13. In framing the original earnings estimate of the current year, we thought it prudent, in view of the uncertainty of the international situation, to be guided by the estimated earnings of 1939-40 and not to assume a recurrence of the high receipts, which accrued in January 1941 and which, at the time, seemed to us to be abnormally high. The difficulty of estimating the receipts in the present abnormal conditions will be seen from the fact that our receipts are now expected to be 18½ crores more than the original estimate—a variation of over 17 per cent. The same difficulty faces us in estimating the railway earnings for the next year. We propose, therefore, to be guided by the figures of the present year after taking into account the probable effect of certain factors which are known at present. These are the dismantlement of a number of branch lines, the reduction of passenger trains by most railways, the difficulties we anticipate, from the existing position of our rolling stock, in continuing to carry traffic at the previous level, measures taken to improve the turn-round of wagons, the purchase by Government of the Bengal and North Western, Rohilkund and Kumaon and Mirpurkhas Khadro Railways from the 1st January 1943 and of the Tapti Valley Railway from the 1st April 1942, and certain changes in fares and freights which are detailed in Part II of this memorandum. After taking all these factors into consideration, we have decided to place our estimate of gross receipts at 125·50 crores.

14. Our working expenses show a decrease of 2·32 crores. Excluding, however, from the current year's expenditure the adjustment of 3·02 crores on account of abandoned assets and dismantled lines and the extra expenditure of 41 lakhs on account of repairs to flood damages and the change of procedure on certain railways for the adjustment of provident fund contribution as they should be for a proper comparison, there is an increase of 1·11 crores. This is due to more repairs and maintenance and further rise in price of materials anticipated, and to the raising of the new minor works limit from Rs. 2,000 to Rs. 10,000 on the Madras and Southern Mahratta, Bengal Nagpur, Assam Bengal and Bombay, Baroda and Central India Railways, these factors being counterbalanced to a small extent by some saving expected from the transfer to state-management of the Assam Bengal, Bombay, Baroda and Central India, Bengal and North Western and Rohilkund and Kumaon Railways and from the amalgamation of the Assam Bengal and the Eastern Bengal Railways.

15. Net traffic receipts, after meeting working expenses, are thus expected to be 87 lakhs more than this year. The net results of the miscellaneous transactions are expected to show an increase of 62 lakhs, mostly on account of interest on the balances in the reserves. Interest charges are expected to be 26 lakhs less. The net result is a surplus of 1·75 crores more than in the current year, i.e. 27·95 crores against 26·20 crores in the current year.

16. With the lapse of the moratorium on the 1st April 1942, the whole of this surplus would become payable into the depreciation fund in repayment of the outstanding loan taken from it. But, for the reasons for which the existing moratorium was declared with the approval of the Legislative Assembly and in view of the dire need of general revenues in the present war-time conditions, it is proposed to extend the moratorium up to 1st April 1943, a formal resolution for which will be duly placed before the Assembly shortly and to dispose of



the surplus of 27·95 crores, mentioned in the foregoing paragraph, as follows :—

*Payment to general revenues.*

Crores.

(i) (a) Contribution calculated at 1 per cent. of the capital at charge in 1940-41 less the loss on strategic lines . . . . .	
plus	
(b) $\frac{1}{5}$ th of the surplus on commercial lines in 1940-41 after payment of the 1 per cent contribution . . . . .	7·72
(ii) One-third of the excess over 3 crores of the surplus in 1942-43 left after payment of (i) . . . . .	5·74
(iii) Advance payment of the amount due in 1943-44 on account of the one-fifth of the surplus on the working of commercial lines in '941-42 . . . . .	4·04
(iv) Half the balance left after the above payments . . . . .	5·21
less (v) Recovery of the payment of (i) (b) above made in advance in 1941-42 . . . . .	—2·58
Total . . . . .	20·13
Repayment of loan from the depreciation fund . . . . .	7·82
Total . . . . .	27·95

It will be seen that the total payment necessary to be made to general revenues to meet the 1 per cent contribution and the entire outstanding liability for arrears is 18·82 crores (5·14+13·68) only. We actually propose to pay 20·13 crores, i.e., 1·31 crores more.

At the end of 1942-43, the railway debt to general revenues will have been fully paid and that to the depreciation fund reduced to 15·39 crores, as worked out below :—

	(In crores.)	
	Loan from depreciation fund.	Unpaid contribution to general revenues.
1931-32 . . . . .	4·25	5·36
1932-33 . . . . .	10·23	5·23
1933-34 . . . . .	7·96	5·21
1934-35 . . . . .	5·06	5·04
1935-36 . . . . .	4·00	4·99
1936-37 . . . . .	—1·21	4·91
1937-38 . . . . .	..	1·58
1938-39 . . . . .	..	3·00
1939-40 . . . . .	..	0·30
1940-41 . . . . .	..	—7·53
1941-42 (Revised) . . . . .	—7·08	—14·50*
1942-43 (Budget) . . . . .	—7·82	—13·68
Total . . . . .	15·39	..

\*This takes into account the rectification of the mistakes referred to in paragraph 8.



17. The appropriation to the depreciation fund in 1942-43 will be 12·63 crores, i.e., 5 lakhs less than in the current year. This is due to the fact that, although an addition of 3·88 crores has been made to the capital at charge in the current year on account of new assets, or renewals involving substantial improvements, yet a sum of 3 crores has been written off the capital on account of dismantled lines and abandoned assets, and a sum of 2 crores deducted from the capital at charge without financial adjustment on account of loss on exchange on stores transactions of company-managed railways. The latter item requires a word of explanation. This loss represents the difference between the fixed contract rate at which the sterling value of stores obtained from abroad is converted for the purpose of the companies' accounts for the calculation of surplus profit and the current rate of exchange at which the payment is made and booked in the Government account. As stores, when obtained and stored, are first debited to the capital suspense head 'General Stores', the loss is also first charged to capital. But most of the stores (about 80 per cent.) are subsequently issued for revenue purposes, and their cost, as borne on the companies' books at the company's contract rate is accordingly transferred from capital to revenue. The loss of exchange, pertaining to this 80 per cent. of revenue issues was, through a misapprehension, left to continue at charge of capital in the Government account. This was an obvious over-capitalisation. The matter has been very carefully considered in consultation with the Auditor General. It is not thought desirable to re-open all the past accounts and make a regular account adjustment by transferring the whole amount from capital to revenue and it has been considered sufficient that the capital at charge should be written down by this amount (2 crores) without any financial adjustment.

The withdrawals from the fund are likely to amount to 7 crores. The net accretion to the fund during the year, including the transfer of 7·82 crores from the surplus, will be 13·45 crores. The actual balance in the fund at the end of the year will amount to 64·69 crores, while the nominal closing balance will be 80·08 crores.

18. The following table compares certain financial results for 1941-42 and 1942-43 with those for the previous five years:—

	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	Estimate.	
						1941-42.	1942-43.
Percentage of net traffic receipts to capital at charge . . . . .	4·1	4·3	4·0	4·3	6·1	7·1	7·0
Percentage of working expenses (including depreciation) to gross traffic receipts . . . . .	66·2	66·2	67·8	66·4	58·6	57·6	56·4
Percentage of working expenses (excluding depreciation) to gross traffic receipts . . . . .	52·5	53·0	54·5	53·5	47·4	47·6	46·3

Although the tendency for working expenses to increase—a tendency which manifested itself in 1938-39—has been accentuated by war-time conditions, yet the percentage of working expenses to gross traffic receipts has from 1940-41 gone down very sharply on account of the large increase in traffic receipts. Our working expenses have not risen in the same proportion as our gross receipts, and the position of the Indian railways as a dividend-paying concern has considerably improved.

19. The results of the working of Indian railways from 1924 when the separation was effected of the railway from the general budget to the end of 1940-41, are given in detail in Section B of Chapter II of Volume I of the Administration Report on Railways for 1940-41.



## PART II.

1941-42.

20. The proposed figures for 1941-42 are compared in the statement below with the budget estimate and the actual results of 1940-41 :—

Particulars.	Accounts, 1940-41.	(In lakhs of rupees.) 1941-42.	
		Budget.	Revised.
Gross traffic receipts . . . . .	1,11,94	1,08,25	1,27,00
Total working expenses (including depreciation) . . . . .	65,65	68,60	73,13
A.—Net traffic receipts . . . . .	46,20	39,65	53,87
<i>Miscellaneous transactions—</i>			
Receipts . . . . .	2,02	2,24	2,57
Expenditure . . . . .	1,17	1,46	1,63
B.—Net miscellaneous receipts . . . . .	85	78	94
Net railway revenues (A + B) . . . . .	47,14	40,43	54,81
Interest charges . . . . .	28,68	28,60	28,61
Surplus . . . . .	18,46	11,83	26,20

**Traffic Receipts.**

21. Our receipts have, from the beginning of the current year, been substantially greater than last year. The monthly receipts have maintained a much more uniform level than last year. As the last year's receipts fluctuated within very wide limits, the percentage of increase of the current year's receipts over last year has varied considerably. During the first quarter, the increase was 11·8 per cent., and during the second quarter which, as usual, was a period of slack traffic last year, the increase was 23·5 per cent. Up to the end of September, the increase was 17·4 per cent., while, up to the end of December, the increase was about 15·8 per cent. During the last quarter of this year, we do not expect the same proportionate increase, because traffic for the last quarter of the last year was particularly heavy and no appreciable increase could be carried this year. We do not expect any increase in goods earnings, but expect an increase of 175 lakhs in coaching receipts.

22. We now expect that the total receipts for the current year will reach 127 crores against 111·94 crores last year and against 108·25 crores taken as our original budget estimate for the current year. Of the total increase of about 15 crores over last year, goods traffic has contributed about 7½ crores, while the balance of 7½ crores is under passenger and other traffic, passenger earnings accounting for 4·39 crores, other coaching traffic for 2·24 crores and other earnings for 63 lakhs.



23. The details of the estimates are given below :—

Particulars.	Accounts, 1940-41.	(In lakhs of rupees.) 1941-42.	
		Budget.	Revised.
Passenger earnings . . . . .	31,12	30,71	35,51
Other coaching traffic earnings . . . . .	7,36	6,65	9,60
Goods earnings . . . . .	76,77	74,13	84,50
Other earnings . . . . .	2,57	2,30	3,20
Suspense . . . . .	—24	—1	9
Total . . . . .	1,17,58	1,13,78	1,32,90
Share of worked lines . . . . .	—5,64	—5,53	—5,90
Receipts of State-owned lines . . . . .	1,11,94	1,08,25	1,27,00

24. Our passenger earnings for the last year were 32 lakhs more than our revised estimate, and 3·34 crores more than our earnings in 1939-40. In framing our budget for this year, we did not anticipate a continuance of the last year's improvement, and placed our estimate slightly below our revised estimate for the last year. Actually, the improvement has been well maintained, and our passenger earnings, instead of being below those of last year, are now expected to exceed them by 4·39 crores. This is largely due to causes connected with the war, *viz.*, more troop movement and exodus from port towns due to panic. During the first nine months of the year, about 2,000 troop specials were run against 1,300 in the whole of the last year, while from Calcutta alone over 135 special trains carrying evacuees were run in about four weeks.

25. The improvement in other coaching earnings has been even better than in passenger earnings.

We now expect an increase of 2·24 crores over last year and 2·95 crores over our original budget estimate. It may be of interest to know that, as compared with 1938-39, a normal pre-war year, whereas our passenger earnings are estimated to increase by 25·6 per cent, our coaching earnings other than passenger are likely to show an increase of over 93 per cent, being 9·60 crores against 4·96 crores in 1938-39. Excluding the earnings from the increased charge introduced from the 1st March 1940, this represents an increase of over 72 per cent in the volume of traffic.

26. Goods earnings have shown an improvement right up to the end of December, though not at a uniform rate. The increase was particularly large in the months of June, July and August, which are normally the slack season. The improvement has not been maintained after December; and during the last quarter of the current year, we do not expect any increase in goods earnings over that period last year when railways were working practically to full capacity.

As regards the variation in earnings from the movement of different commodities, an increase of about a crore has accrued from coal, and 1½ crores from military traffic. Other marked increases relate to oil seeds, sugar, cotton (raw pressed), raw jute, gur, jagree and molasses. Rice has continued to show a decline, and there has been a slight falling off in fresh fruits and vegetables, and cotton (manufactured), the last since November 1941. The decreases under all these commodities taken together



amount to only about 25 lakhs. The transport of coal accounts for about 40 per cent. of the total ton miles of the entire goods traffic carried by all railways.

Our present anticipations of goods earnings are about  $7\frac{3}{4}$  crores over last year and about  $10\frac{1}{2}$  crores over our original budget estimate.

27. The total train mileage of state-owned railway systems increased from 180.44 millions in 1939-40 to 182.56 millions in 1940-41, an increase of 1.17 per cent. The increase is due entirely to goods traffic. The goods train miles increased from 73.74 millions to 76.04 millions, i.e., an increase of about 3.12 per cent., and more than counterbalanced the decrease in passenger train miles which fell slightly from 106.94 millions to 106.80 millions, a decrease of only about .13 per cent.

The number of passengers carried increased by about 40 millions, and the passenger miles increased by about 7.61 per cent. The average lead of a passenger journey decreased from 33.9 in 1939-40 to 33.7 in 1940-41. There was an increase of 3.34 crores under passenger earnings, or a little over 12 per cent.

In regard to goods traffic, the freight tons increased from 84.15 millions in 1939-40 to 85.26 millions in 1940-41, or an increase of about 1.32 per cent., and the freight ton miles from 22,398 millions to 24,202 millions, or an increase of about 8.05 per cent., due partly to a rise in the volume of traffic handled and partly to an increase in the average lead which rose from 192 miles in 1939-40 to 203 in 1940-41. The goods earnings rose from 68.07 crores in 1939-40 to 76.77 crores in 1940-41 or 12.78 per cent.

### Working expenses.

28. The details are as follows :—

Particulars.	Accounts, 1940-41.	(In lakhs of rupees.) 1941-42.	
		Budget.	Revised.
A.—Maintenance of structural works . . . .	7.63	8.52	11.98
B.—Maintenance and supply of locomotive power . . . . .	18.88	19.15	20.15
C.—Maintenance of carriage and wagon stock . .	6.13	6.61	6.22
D.—Maintenance and working of ferry steamers and harbours . . . . .	30	33	33
E.—Expenses of traffic department . . . .	10.25	11.07	11.06
F.—Expenses of general department . . . .	4.16	4.25	4.44
G.—Miscellaneous expenses . . . . .	4.64	4.52	5.02
H.—Expenses of electrical department . . . .	3.65	3.78	3.62
Suspense . . . . .	— 2	31	36
Total ordinary working expenses . . . .	55.62	58.54	63.18
Depreciation . . . . .	12.64	12.68	12.68
Total working expenses . . . . .	68.26	71.22	75.86
Recoveries from worked lines . . . . .	—2.61	—2.62	—2.73
Net working expenses of State-owned lines . .	65.65	68.60	73.13



29. Our present estimate of total working expenses of the current year (including depreciation) shows an increase of 7.48 crores over last year, and 4.53 crores over the original budget estimate. As stated in paragraph 5, an increase of 3.44 crores over the last year is due to the transfer of the expenditure on ballast renewals from the depreciation fund to working expenses and to write-off from capital of the cost of dismantled lines and abandoned assets. Excluding this, the increase over last year is 4 crores, and over the original budget estimate, 1.09 crores. In this connection, it should be remembered that our revised estimate of traffic earnings is about 15 crores above the actual earnings of the last year, and 18.75 crores above the original budget estimate. The total train miles expected now to be run this year are about 98 lakhs more than last year.

30. The principal causes of the increase on last year's figure are briefly as follows :—

	Lakhs.
(1) Payment of dearness allowance to low-paid staff . . . . .	143½
(2) Measures of air raid precautions . . . . .	42½
(3) Rise in price of materials . . . . .	18
(4) More and heavier repairs, partly on account of increase in traffic and partly on account of locomotives, which have passed their normal life, having been kept in use owing to the difficulty of replacing them in existing conditions . . . . .	63½
(5) Extension of provident fund benefits to certain low-paid staff . . . . .	6½
(6) Increase in railways' share of ecclesiastical expenditure . . . . .	5
(7) Change in procedure for the adjustment of provident fund contribution on the Jodhpur, East Indian and Eastern Bengal Railways . . . . .	25½
(8) Increase in the cost of, and freight on, coal due to larger consumption and rise in price . . . . .	65½
(9) Additional staff on account of increase in traffic and additional police for protection of railway property . . . . .	34½
(10) Repairs to damages caused by flood . . . . .	16

31. As already stated, the revised estimate of working expenses, excluding the special items referred to in paragraph 5, exceeds the original budget estimate by 1.09 crores. There is an increase of about a crore in Demand 6-B under coal (including freight) and expenditure on staff (including mileage allowance). The measures for air raid precautions account for 43 lakhs, and repairs to flood damages for 16 lakhs. Against these increases have to be set off a saving of 39 lakhs under repairs to carriage and wagon stock through the inability of the railways, in existing conditions, to work up to their original programme of repairs, and of 6½ lakhs under staff due to the employment of lower-paid staff in place of those on deputation. Under electrical expenses, we received credits for 3½ lakhs more on account of energy supplied for other than revenue works.

32. A more detailed explanation of the variations under each of the heads of expenditure, under which working expenses are shown, will be found in the memoranda placed before the Standing Finance Committee for Railways and printed as part of the proceedings of their meetings on the 30th and 31st of January 1942, Volume XVIII, No. 5.

33. The amount required for the depreciation fund is expected to be about 4 lakhs more than the actuals of the last year, but is the same as the original budget estimate. The amount is calculated at  $\frac{1}{80}$ th of the capital at charge



at the end of the previous year, and the former variation is due to the fact that the capital at charge at the end of 1940-41 was more than at the end of 1939-40.

### Miscellaneous

34. The net result of all miscellaneous transactions is a net receipt of 94 lakhs, which is 9 lakhs more than last year and 16 lakhs more than our original estimate. The increase over last year is due to interest on the depreciation fund and the railway reserve fund balances, counterbalanced by the increase in the surplus profits payable to Indian States and railway companies. The increase over the budget estimate of receipts from interest on reserve funds is due to the fact that interest has been calculated at a higher rate than was assumed at the time of the budget and that the balance in the railway reserve fund at the end of 1940-41 was 1.77 crores more than the revised estimate of that year.

The details are given below :—

Particulars.	Accounts, 1940-41.	(In lakhs of rupees.) 1941-42.	
		Budget.	Revised.
<i>Receipts.</i>			
Government share of surplus profits from subsidised companies, guarantee from Provincial Governments, etc. . . . .	13	13	13
Interest on depreciation reserve fund balances . . . . .	1,48	1,64	1,88
Interest on reserve fund . . . . .	12	19	28
Dividends on investments in branch lines and other miscellaneous receipts . . . . .	18	18	18
Receipts from railway companies for supervision, audit and control . . . . .	11	10	10
Total . . . . .	2,02	2,24	2,57
<i>Expenditure.</i>			
Surplus profits payable to Indian States and railway companies . . . . .	50	73	90
Rebate payable to worked lines . . . . .	6	7	6
Land and subsidy . . . . .	6	8	10
Miscellaneous expenditure . . . . .	55	58	57
Total . . . . .	1,17	1,46	1,63
Net receipts . . . . .	85	78	94

### Interest Charges.

35. Interest charges are expected to be 7 lakhs less than last year and one lakh more than the original budget. The former is due to the reduction of capital on account of the adjustments referred to in paragraph 5 and to the fall in the rate of interest from 4.41 to 4.37 per cent. The increase over the budget is due to the rate of interest being slightly higher than was adopted for the original budget (4.37 against 4.31 per cent.), counterbalanced by a saving due to reduction of capital.



## 1942-43.

36. The principal figures of the budget estimate for 1942-43 are compared in the statement below with the revised estimate for 1941-42 and the actual results of 1940-41 :—

Particulars.	(In lakhs of rupees.)		
	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
<i>Traffic receipts.</i>			
Gross traffic receipts . . . . .	1,11,94	1,27,00	1,25,50
Total working expenses (including depreciation)	65,65	73,13	70,76
A.—Net traffic receipts (State lines).	46,29	53,87	54,74
<i>Miscellaneous transactions.</i>			
Receipts . . . . .	2,02	2,57	2,97
Expenditure . . . . .	1,17	1,63	1,41
B.—Net receipts . . . . .	85	94	1,56
Net railway revenue (A + B)	47,14	54,81	56,30
Interest charges . . . . .	28,68	28,61	28,35
Surplus . . . . .	18,46	26,20	27,95

## Traffic receipts.

37. We have already alluded to the difficulties of framing an estimate of traffic receipts in present conditions and have, for reasons already given in paragraph 13 of this memorandum, taken our budget figure at 1.5 crores less than our revised estimate, i.e., at 125.50 crores.

The more important among the changes which are contemplated in rates and fares are the following :—

- (a) Certain enhancements are being made in passenger fares on the East Indian and North Western Railways so as to bring them more into line with those in force on other major railways. These enhancements are detailed in the schedule\* attached to this memorandum. Estimated additional revenue is about half a crore.
- (b) With a view to discouraging the public from sending, as parcels, traffic which has hitherto been booked as goods, it is proposed to increase the additional charge on parcels and luggage from two annas to four annas in the rupee. Estimated gain is 50 lakhs.



38. The details of the estimates are given below :—

Particulars.	(In lakhs of rupees.)		
	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Passenger earnings . . . . .	31,12	35,51	34,80
Other coaching traffic earnings . . . . .	7,36	9,60	9,40
Goods earnings . . . . .	76,77	84,50	83,10
Other earnings . . . . .	2,57	3,20	3,07
Suspense . . . . .	—24	9	—10
Total . . . . .	1,17,58	1,32,90	1,30,27
Share of worked lines . . . . .	—5,64	—5,90	—4,77
Receipts of State-owned lines . . . . .	1,11,94	1,27,00	1,25,50

### Working expenses.

39. The following statement compares the working expenses with the previous two years :—

Particulars.	(In lakhs of rupees.)		
	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
A.—Maintenance of structural works . . . . .	7,63	11,98	8,97
B.—Maintenance and supply of locomotive power . . . . .	18,88	20,15	20,57
C.—Maintenance of carriage and wagon stock . . . . .	6,13	6,22	6,31
D.—Maintenance and working of ferry steamers and harbours . . . . .	30	33	33
E.—Expenses of traffic department . . . . .	10,25	11,06	11,19
F.—Expenses of general departments . . . . .	4,16	4,44	4,42
G.—Miscellaneous expenses . . . . .	4,64	5,02	4,95
H.—Expenses of electrical department . . . . .	3,65	3,62	3,67
Suspense . . . . .	—2	36	2
Total ordinary working expenses . . . . .	55,62	63,18	60,43
Depreciation . . . . .	12,64	12,68	12,63
Total working expenses . . . . .	68,26	75,86	73,06
Recoveries from worked lines . . . . .	—2,61	—2,73	—2,30
Net working expenses of State-owned lines . . . . .	65,65	73,13	70,76

40. Our estimate of working expenses (excluding depreciation) is 2·32 crores less than in the current year. If we take out from the current year the amount of adjustment for dismantled lines and abandoned assets, the expenditure on repairs to flood damages, and the extra expenditure on account of change in procedure for the adjustment of provident fund contribution, there is really an excess of 1·11 crores. An increase of 43 lakhs is due to the purchase of certain branch lines, 36 lakhs to more repairs to locomotives and rise in prices, 14 lakhs to increased consumption of coal and freight thereon, 11 lakhs to the raising of the new minor works limit on certain railways and 15 lakhs to additional staff sanctioned this year.



**Miscellaneous.**

41. The table below gives the usual details of miscellaneous transactions :—

(In lakhs of rupees.)

Particulars.	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
<i>Receipts.</i>			
Government share of surplus from subsidised companies, guarantee from Provincial Governments, etc. . . . .	13	13	8
Interest on depreciation reserve fund balances. . . . .	1,48	1,88	2,38
Interest on reserve fund . . . . .	12	28	28
Dividends on investments and other miscellaneous receipts . . . . .	18	18	17
Receipts from railway companies for supervision, audit and control . . . . .	11	10	8
Total . . . . .	2,02	2,57	2,97
<i>Expenditure.</i>			
Surplus profits payable to Indian States and railway companies . . . . .	50	90	68
Rebate payable to worked lines . . . . .	6	6	7
Land and subsidy . . . . .	6	10	9
Miscellaneous expenditure . . . . .	55	57	57
Total . . . . .	1,17	1,63	1,41
Net miscellaneous receipts . . . . .	85	94	1,56

42. Our estimate of net receipts for the next year shows an increase of 62 lakhs over the current year. An increase of 48 lakhs is estimated in receipts on account of interest on reserves, while the expenditure on account of surplus profits, payable to Indian States and Railway Companies, is expected to show a decrease of 22 lakhs.



## PART III.

**Commercial Lines.**

43. The statement below gives the relevant figures for commercial lines separately :—

Particulars.	(In lakhs of rupees.)		
	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
<i>Traffic receipts.</i>			
Gross traffic receipts . . . . .	1,10,21	1,24,80	1,22,05
Total working expenses (including depreciation) . . . . .	63,68	71,05	68,67
A.—Net traffic receipts (State-lines) . . . . .	46,53	53,75	53,38
<i>Miscellaneous transactions.</i>			
Receipts . . . . .	1,90	2,44	2,83
Expenditure . . . . .	1,17	1,64	1,41
B.—Net miscellaneous receipts . . . . .	73	80	1,42
Net railway revenue (A + B) . . . . .	47,26	54,55	54,80
Interest charges . . . . .	27,40	27,34	27,11
Gain . . . . .	19,86	27,21	27,69

The final result for 1941-42 is expected to be a surplus of 27·69 crores against a surplus of 19·86 crores in 1940-41 and a surplus of 27·21 crores in 1941-42.



## PART IV.

**Strategic Lines.**

44. The statement below gives the relevant figures for strategic lines separately :—

Particulars.	(In lakhs of rupees.)		
	Accounts, 1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Gross traffic receipts . . . . .	1,73	2,20	3,45
Working expenses . . . . .	1,41	1,52	1,53
Depreciation . . . . .	56	56	56
Total working expenses . . . . .	1,97	2,08	2,09
A.—Net traffic receipts . . . . .	24	12	1,36
<i>Miscellaneous receipts.</i>			
Interest on balances of depreciation fund . . . . .	12	13	14
Miscellaneous expenses . . . . .	..	—1	..
B.—Net miscellaneous receipts . . . . .	12	14	14
Net revenue (A + B) . . . . .	12	26	1,50
Interest charges . . . . .	1,28	1,27	1,24
Net loss or gain in working—			
Loss . . . . .	1,40	1,01	..
Gain . . . . .	..	..	26

Owing to the anticipated increase in traffic, not only is the loss in working in the current year less than in the last year, but the customary loss in working strategic lines is expected to be converted in the following year to a small gain of 26 lakhs.

In calculating the interest on the depreciation fund balance, it is assumed that the fund in respect of strategic lines has remained intact, in that the deficits in the years 1931-32 to 1935-36 were met from the depreciation reserve fund relating to the commercial section. Interest on the accumulated losses on the strategic section is deducted from the contribution payable to general revenues.



## PART V.

**Works expenditure not charged to revenue.****1941-42.**

45. Our works programme for the current year was anticipated to involve an outlay of about 18 crores, but in the light of past experience, we provided only about  $15\frac{1}{2}$  crores, as we considered it improbable that the full amount would be utilised. Of this amount,  $8\frac{3}{4}$  crores was to be an addition to capital, and the balance of  $6\frac{3}{4}$  crores was to be found from the depreciation reserve fund. Our present anticipations are that our total expenditure, including about 5 crores on account of the purchase price of the Assam Bengal and the Bombay, Baroda and Central India Railways and a portion of the purchase price of the Bengal Doon Railway, which was not paid last year, will amount to 9 crores, of which about 3.88 crores will be charged to capital and the balance of 5.12 crores to the depreciation fund. This estimate takes into account about  $2\frac{1}{4}$  crores which it is proposed to write off from capital on account of the cost of certain branch lines dismantled this year. Of this sum, Rs. 131½ lakhs will be met from the ordinary revenue, as explained in paragraph 5 of this memorandum, and the balance of 87½ lakhs will be debited to the depreciation fund, which is expected to receive a credit of 57½ lakhs on account of the materials released from the lines in question. A further sum of 63½ lakhs is being written off from capital to ordinary revenue on account of the cost of assets abandoned on state-managed commercial lines before 1924-25. Rs. 17½ lakhs, which was written off to the depreciation fund last year on this account, is also being debited to revenue by credit to the fund.

**1942-43.**

46. For 1942-43 our programme provides for a total expenditure of  $34\frac{1}{2}$  crores, excluding about  $1\frac{1}{2}$  crores, representing the credits for material returned from works not charged to revenue, or Rs. 33½ crores, including such credits. Of the total, about 1 crore is for increase in the stores balances.

No expenditure is expected on new construction projects except a nominal amount of 6 thousand, which is required for closing the accounts of the Sind Right Bank Feeders Railway.

Under open line works, a sum of Rs. 20 crores has been provided for the purchase of the Tapti Valley, the Mirpurkhas Khadro, the Bengal and North Western and the Rohilkund and Kumaon Railways. A rough distribution of the balance is  $4\frac{1}{4}$  crores for track renewals,  $\frac{3}{4}$  crore for bridge works, 2 crores for other engineering and structural works and  $6\frac{1}{4}$  crores for rolling stock. The distribution of the expenditure on rolling stock is about 275 lakhs for locomotives and boilers, 118 lakhs for carriages and 244 lakhs for wagons. The total number of wagons provided for is 2,332, of which 1,460 are broad-gauge general service wagons to be added to the general pool.

47. Though the total programme amounts to  $33\frac{1}{2}$  crores, we consider it improbable that, in the present conditions, the full amount will be spent, and we have, therefore, made a deduction of about  $2\frac{3}{4}$  crores. The actual expenditure which we anticipate, is  $30\frac{1}{2}$  crores, of which 7 crores will be met from the depreciation fund.



48. In conclusion, we desire to acknowledge the valuable assistance which we have, as usual, received from the members of the Standing Finance Committee for Railways during the year.

L. WILSON,

*Chief Commissioner of Railways.*

NEW DELHI;

*The 12th February 1942.*

T. S. SANKARA,

*Financial Commissioner of Railways.*



**Schedule of proposed changes in passenger fares over the East Indian and the North Western Railways.**

**EAST INDIAN RAILWAY.**

*Present.*

*Proposed.*

*I Class.*

	Pies per mile.		Pies per mile.
1—100 miles . . .	24	1—300 miles . . .	24
+ 101—300 miles . . .	20	+ 301 miles and over . . .	15
+ 301 miles and over . . .	13		

*II Class.*

1—100 miles . . .	12	1—300 miles . . .	12
+ 101—300 miles . . .	10	+ 301 miles and over . . .	7½
+ 301 miles and over . . .	6½		

*Inter Class.*

1—300 miles . . .	5½	1—300 miles . . .	5½
+ 301 miles and over . . .	3½	+ 301 miles and over . . .	4

*III Class.*

1—50 miles . . .	3½	1—50 miles . . .	3½
+ 51—300 miles . . .	3	+ 51—300 miles . . .	3½
+ 301 miles and over . . .	2	+ 301 miles and over . . .	2½

**NORTH WESTERN RAILWAY.**

*I Class.*

1—150 miles . . .	24	1—300 miles . . .	24
+ 151 miles and over . . .	18	+ 301 miles and over . . .	18

*II Class.*

1—150 miles . . .	12	1—300 miles . . .	12
+ 151 miles and over . . .	9	+ 301 miles and over . . .	9

*Inter Class.*

1—50 miles . . .	5	1—50 miles . . .	5½
+ 51—300 miles . . .	4½	+ 51—300 miles . . .	4½
+ 301 miles and over . . .	3½	+ 301 miles and over . . .	3½

*III Class.*

1—300 miles . . .	3	1—300 miles . . .	3½
+ 301 miles and over . . .	2½	+ 301 miles and over . . .	2½



## APPENDIX I.

## Capital Expenditure.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1940-41 to 1942-43 is set out in the table below:—

	Accounts, 1940-41.	1941-42.		Budget, 1942-43.
		Budget.	Revised.	
<b>England—</b>				
Sterling payments. £	2,025,852	4,925,025	4,215,075	14,362,500
Converted into rupees at 1s. 6d. to the rupee. Rs.	2,70,11,365	6,56,67,000	5,62,01,000	19,15,00,000
Exchange . . Rs.	46,976	..	1,95,000	..
<b>Total England . Rs.</b>	<b>2,70,58,341</b>	<b>6,56,67,000</b>	<b>5,63,96,000</b>	<b>19,15,00,000</b>
<b>India—</b>				
Payments in India Rs.	6,79,48,312	8,98,44,000	3,35,84,000	11,35,05,000
<b>Total England and India. . Rs.</b>	<b>9,50,06,653</b>	<b>15,55,11,000</b>	<b>8,99,80,000</b>	<b>30,50,05,000</b>

The distribution of the above between capital and depreciation fund is as follows:—

Capital . . .	2,31,31,907	8,75,11,000	3,87,80,000	23,50,05,000
Depreciation Fund .	7,18,74,746	6,80,00,000	5,12,00,000	7,00,00,000



*Open Line Works.*

2. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in thousands of rupees.)			
	Capital.	Depreciation Fund.	Total.
(1) Track . . . . .	20,34	4,01,83	4,22,17
(2) Bridges . . . . .	31,52	47,17	78,69
(3) Traffic facilities . . . . .	75,98	10,87	86,85
(4) Workshops and Loco. sheds . . . . .	25,47	13,48	38,95
(5) Staff quarters . . . . .	14,45	1,34	15,79
(6) Welfare works . . . . .	3,20	64	3,84
(7) Electric installations . . . . .	10,17	5,30	15,47
(8) Signalling and interlocking . . . . .	15,00	7,45	22,45
(9) Electrification of track . . . . .	5	1,09	1,14
(10) Removal of infringements . . . . .	5	7	12
(11) Collieries . . . . .	—6,42	..	—6,42
(12) Emergencies . . . . .	1,00	5,00	6,00
(13) Other works . . . . .	8,14	17,30	25,44
(14) Increase in stores balances and manufacture operations.	1,07,71	..	1,07,71
(15) Purchase of Tapti Valley Railway . . . . .	1,65,60	..	1,65,60
(16) Purchase of Mirpurkhas Khadro Railway . . . . .	12,18	..	12,18
(17) Purchase of Bengal and North Western Railway . . . . .	15,41,00	..	15,41,00
(18) Purchase of Rohilkund and Kumaon Railway . . . . .	2,74,00	..	2,74,00
(19) Credits for released materials . . . . .	..	—1,27,22	—1,27,22
<b>Total</b>	<b>22,99,44</b>	<b>3,84,32</b>	<b>26,83,76</b>



(1) *Track*.—The development which has occurred in the weight and power of locomotives to meet the needs of traffic, necessitates the strengthening and improvement of the standard of track. This was emphasized by the Pacific Locomotive Committee, who drew special attention to the necessity of having rails of a minimum weight of 90 lbs. per yard in the main lines of broad gauge railways. A steady policy is now being pursued of relaying those sections of the main line, which contain rails of less than this weight, and a provision of about Rs. 422 lakhs, which is about Rs. 173 lakhs less than that allowed for during 1941-42, has been made for track. The expenditure during 1942-43 is controlled by the availability of steel.

(2) *Bridges*.—Most of the expenditure, proposed under this head, is on works already in progress, and includes a sum of Rs. 1.12 lakhs for the completion of the road overbridge at Belgachia on the Bengal and Assam Railway. The more important of the bridge renewals proper, on which it is proposed to incur substantial expenditure during the year, are :—

(i) *Renewal of girders on the Narbada Bridge at Mortakka, Bombay Baroda and Central India Railway*.—The work is estimated to cost Rs. 15 lakhs, of which a sum of Rs. 7.29 lakhs is expected to be spent up to the end of 1941-42, and a provision of Rs. 7.76 lakhs has been made to complete the work during 1942-43.

(ii) *Regirdering the Dufferin Bridge at Benares, East Indian Railway*.—Owing to the weakness of the girders for modern loads and to the fact that there is a single line of track, there is a severe restriction of traffic at this bridge, and its regirdering has become essential. The scheme provides for double line girders to M. L. standard, together with a separate overhead roadway, 25' wide, and two footpaths, 4' wide, on either side. The total cost of the work is to be shared between the U. P. Government and the railways; the railway portion of the work is estimated to cost Rs. 57½ lakhs. A sum of Rs. 21.7 lakhs is expected to be spent by the end of 1941-42, and a provision of Rs. 24.28 lakhs is being made for 1942-43; the balance required to complete the work is to be spent during later years.

(iii) *Reconstruction of laterite bridges on the Madras and Southern Mahratta Railway*.—The laterite bridges on this railway are showing signs of disintegration, and require rebuilding. This is a new work, estimated to cost Rs. 5 lakhs, provision for which has been made during 1942-43.

(3) *Traffic Facilities (including Signalling and Interlocking Works)*.—The major portion of the expenditure under traffic facilities is for completing, or maintaining, progress on works started in earlier years, and includes a sum of Rs. 4.25 lakhs for doubling the line between Rosa to Kahelia and Shahjahanpur to Gurrh Bridge on the East Indian Railway, Rs 2.72 lakhs for remodelling the yard and rebuilding the station at Viramgam, on the Bombay, Baroda and Central India Railway, and a sum of Rs. 1.60 lakhs for remodelling and interlocking the station yard at Dhond on the Great Indian Peninsula Railway. A provision of Rs. 4.41 lakhs has been made for Coimbatore remodelling, Stage II, with metre gauge connection from Podanur, and for Podanur Remodelling, on the South Indian Railway.



A substantial portion, *viz.* Rs. 10 lakhs, of the proposed expenditure on traffic facilities has been provided for completing stages II and III of the 2nd Down line from Ondal to Khana on the East Indian Railway, with a view to relieving the congestion on that double line section which forms a bottle neck between two sections, one of which has 4 lines and the other has three lines.

The more important of the new works under this head are as follows :—

- (i) *Doubling the line from Gurrah Bridge to Tilhar (Moradabad Division), East Indian Railway.*—In order to provide line capacity to meet steady development of traffic on account of the opening of new industries on the route *via* Lucknow, the doubling of the line by stages has become necessary. The estimated cost of the work is Rs. 9 lakhs, of which a sum of Rs. 3 lakhs has been provided during 1942-43; the balance required to complete the work is to be spent in succeeding years.
- (ii) *Additions and alterations to the coaching yard and improvements to tourist traffic facilities, Benares Cantonment, East Indian Railway.*—There are only two passenger platforms, on which 32 passenger trains, in addition to numerous special trains, are dealt with daily. To avoid heavy detentions and to handle this traffic expeditiously, three platforms are necessary. The improvements are estimated to cost Rs. 1½ lakhs; a provision of Rs. 1 lakh has been made during 1942-43.
- (iii) *Alterations to broad gauge goods yard at Santahar, Bengal and Assam Railway.*—The existing capacity of the yard is inadequate for the purpose of dealing with the traffic coming in, specially during the busy months. It has accordingly been necessary to carry out certain alterations at an estimated cost of Rs. 3.5 lakhs. Provision for this amount has been made during 1942-43.

Under *Signalling and Interlocking*, there is no new scheme of importance to be started in 1942-43, and almost the whole of the expenditure under this head is to complete, or maintain, progress on works started in previous years. This includes a sum of Rs. 3.91 lakhs to complete the improvements to signalling and interlocking on the Katni Branch and at 9 stations on the Adra, Chakardharpur and Nagpur Districts on the Bengal Nagpur Railway. A sum of Rs. 2.34 lakhs has been provided for double wire interlocking on the Jubbulpore-Naini section of the Great Indian Peninsula Railway. For signalling and interlocking in connection with Coimbatore Remodelling, Stages I and II and Coimbatore-Singanallur link, South Indian Railway, a provision of Rs. 2.07 lakhs has been made during 1942-43.

(4) *Workshops, Stations and other buildings :—*

- (i) *Improved facilities for running sheds at Narculdanga and Chitpur, Bengal and Assam Railway.*—Owing to the introduction of the system of “shed shopping” to improve maintenance of engines, additional facilities are now essential at both the places and are estimated to cost Rs. 4.02 lakhs, for which provision has been made in 1942-43.
- (ii) *One boiler and one turbine for the Khargpur Power House, Bengal Nagpur Railway.*—Two of the existing boilers are at the end of their lives, and it is proposed to replace them by one high pressure boiler with new steel chimney. The replacing of the existing engine by a turbine is also essential to avoid operational difficulties. The whole work is estimated to cost Rs. 6.81 lakhs, of which a sum of Rs. 3 lakhs is proposed to be spent in 1942-43, leaving the balance to be spent in succeeding years.



- (iii) *Extension of Loco. shed for co-ordinated examination and shed shopping at Asansol, East Indian Railway.*—In order to increase the number of engines available for use, the mileages between periodical overhauls were increased in 1940-41. This system requires additional facilities for running shed repairs at Asansol. The improvements are estimated to cost Rs. 5.60 lakhs, and provision for this amount has been made during 1942-43.
- (iv) *Replacement of machinery and plant in the Jamalpur Workshops, East Indian Railway.*—The existing machines are old and of obsolete design, and their replacement by new and modern type machines to meet the present day needs, is necessary. The work is proposed to be completed during 1942-43 at an estimated cost of Rs. 3 lakhs.
- (v) *New Locomotive Shed at Amballa Cantonment near the site of Gharaunda Sidings, North Western Railway.*—The present shed and loco. yard is too small to allow repairs to be carried out efficiently and expeditiously. To remove these defects and to introduce intensive use of locomotives throughout the division, it is considered essential that a new and larger shed should be built at Amballa, equipped with modern conveniences. The work is estimated to cost Rs. 6 lakhs, and a provision of Rs. 1.95 lakhs has been made during 1942-43, leaving the balance required to complete the work to be spent in succeeding years.

The rest of the provision under this head is in respect of works which are already in progress, a fair number of which, it is expected, will be completed during 1942-43.

(5) *Miscellaneous, other works.*—Other important works provided for are the following :—

- (i) *Central Power House Remodelling at Lucknow, East Indian Railway.*—This work is estimated to cost Rs. 1.79 lakhs, and a provision of Rs. 1.37 lakhs has been made during 1942-43.
- (ii) *Plant for treatment of water for locomotive purposes on the main line, Lahore-Karachi and Rohri-Sibi sections.*—This work is required to prevent deterioration of engines through the use of unsuitable water. The whole scheme is estimated to cost Rs. 13.44 lakhs; a provision of Rs. 12.8 lakhs has been made during 1942-43.
- (iii) *Improvements to watering arrangements at certain stations on the North East Line, Madras and Southern Mahratta Railway.*—This work is in progress and is estimated to cost Rs. 3.10 lakhs. A provision of Rs. 1.70 lakhs has been made to complete the work during 1942-43.
- (iv) *Permanent Power House and electrification of the station and yard, Dhond, Great Indian Peninsula Railway.*—This is a new work. The present generating plant at Dhond is old and of inadequate capacity. It is, therefore, proposed to transfer the surplus diesel engine plant from Nagpur and instal it at Dhond. The work is estimated to cost Rs. 1.14 lakhs, which amount has been provided during 1942-43.
- (v) *Improvement to the water supply at Keamari, Karachi City and Karachi Cantonment, North Western Railway.*—This is a new work estimated to cost Rs. 2.05 lakhs. A provision of Rs. 1.95 lakhs has been made during 1942-43.



- (vi) *Resiting the sick sidings and repair sheds etc. of the train examining Depot at Bandra marshalling yard, Bombay, Baroda and Central India Railway.*—The scheme is estimated to cost Rs. 1·76 lakhs, and provision for this amount has been made during 1942-43. The scheme, when completed, is anticipated to give a saving of Rs. 60,000 per annum.
- (vii) *Remodelling of Carriage Washing Lines and Carriage and Wagon Sick lines at Calcutta, Bengal and Assam Railway.*—The proposed remodelling is necessary to enable coaching stock to be maintained in a safe and clean condition and to improve wagon usage. The remodelling is estimated to cost Rs. 2·40 lakhs, and a provision of Rs. 1·07 lakhs has been made during 1942-43.



3. *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

(In thousands of rupees.)

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Bengal & Assam	..	..	78	40	1,18
Bengal Nagpur	8	..	72	6,50	7,30
Bengal & North Western.	..	..	..	35	35
Bombay, Baroda and Central India.	..	..	2,25	..	2,25
East Indian	..	..	45	89	1,34
North Western.	..	12	38	5	55
Rohilkund and Kumaon.	..	..	1,64	18	1,82
South Indian	..	..	..	1,00	1,00
Total	8	12	6,22	9,37	15,79



4. *Amenities for Passengers.*—The statement below shows against each railway the expenditure proposed on the various categories into which these amenities are usually sub-divided :—

(In thousands of Rupees.)

Railways.	Improvement of latrines and sanitary arrangements.	Water supply to passengers.	Provision of lower class waiting rooms and waiting halls.	Provision of covered platforms.	Provision of refreshment rooms and tea stalls for lower class passengers.	Booking facilities.	Raised platforms.	Additional carriages to reduce overcrowding.	Improvements in existing carriages.	Any other objects to improve the amenities of lower class passengers.	Total.
1. Bengal Nagpur . .	20	1,00	10	...	10	5	3	...	...	2	1,50
2. Bengal and North-Western.	5	5	7	...	5	5	...	...	...	...	27
3. Bombay, Baroda and Central India.	4	5	...	...	...	...	...	...	...	30	39
4. East Indian . .	12	...	...	...	...	...	44	...	...	9	65
5. Great Indian Peninsula.	...	...	5	...	...	3	16	...	...	4	28
6. Madras and Southern Mahratta.	5	5	5	...	...	5	...	...	...	10	30
7. North Western . .	13	3	...	...	...	...	...	...	...	...	16
8. South Indian . .	1	...	5	3	...	1	...	7	...	6	23
TOTAL .	60	1,18	32	3	15	19	63	7	...	61	3,78



5. *Rolling Stock*.—Of the total amount (8.37 crores) provided for expenditure on rolling stock during 1942-43, 400 lakhs (of which 265 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new 'items' is shown in the statement below.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.			Total.		
	Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.	
		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.
I.—Locomotives—												
(a) Engines and Ten- ders.	..	..	..	..	..	..	..	..	..	..	..	..
(b) Boilers	..	..	42,17	..	..	5,74	..	..	..	..	..	47,91
(c) Miscellaneous ex- penditure.	..	—5,08	5,08	..	—47	47	..	..	..	..	—5,55	5,55
II.—Coaching Stock—												
(a) I and II class	..	..	1,56	..	..	..	..	..	..	..	..	1,56
(b) Inter and III class.	..	41	7,13	..	1,89	8,62	..	15	9	..	2,45	15,84
(c) Composites	..	1,13	6,77	..	92	4,71	..	—3	16	..	2,02	11,63
(d) Other coaches and miscellaneous expenditure.	24	—6,54	11,10	12	—2,98	3,93	..	—2,50	2,50	36	—12,02	17,53
III.—Goods Stock—												
(a) General service	2,65	11,08	92,78	..	4,86	9,84	..	..	..	2,65	16,84	1,02,62
(b) Other types	2,21	2,22	16,82	..	1,94	4,55	..	..	..	2,21	4,16	21,37
(c) Miscellaneous ex- penditure.	..	4	..	..	—1,49	1,50	..	..	..	..	—1,45	1,50
IV.—Ferries	..	..	31	..	..	..	..	..	..	..	..	31
Total	5,10	4,16	1,83,72	12	4,67	39,36	..	—2,38	2,74	5,22	6,45	2,25,82

(In thousands of rupees.)



The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1942.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Re-novels.	Total.	Additions.	Re-novels.	Total.	Additions.	Re-novels.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives—									
(a) Engines & tenders .	..	..	..	..	..	..	..	..	..
(b) Bollers .	..	102	102	..	37	37	..	..	..
2. Coaching vehicles (in terms of 4-wheelers)—									
(a) I and II class	..	6	6	..	..	..	..	..	..
(b) Inter and III class.	..	33	33	..	103	103	..	4	..
(c) Composites .	..	33	33	..	41	41	..	3	3
(d) Other coaches	2	131	133	2	58	60	..	..	..
Goods wagons (in terms of 4-wheelers)—									
(a) General Service.	47	1,413	1,460	..	427	427	..	..	..
(b) Other types .	17	180	197	..	248	248	..	..	..

The programme contains provision for scrapping, without replacement, of one unit of coaching stock on the Great Indian Peninsula Railway, and 2 locomotives, on the North Western Railway.

The following statement shows, in terms of four-wheelers, the details of the new units of coaching and goods stock which will be additions to the authorised stock of railways:—

Railways.	Coaching Stock.		Goods Stock.	
	Broad Gauge.	Metre Gauge.	Broad Gauge.	
	Other coaches.		Service.	Other types.
Bengal Nagpur . . . . .	2	..	..	10
Great Indian Peninsula. . . . .	..	..	19	..
Madras and Southern Mahratta . . . . .	..	2	..	..
North Western . . . . .	..	..	..	7
South Indian . . . . .	..	..	28	..
Total .	2	2	47	17

(6) *New constructions.*

No expenditure is proposed on new construction projects during 1942-43 except a small sum of Rs. 5,000 required by the North Western Railway for closing accounts of the Sind Right Bank Feeders Railway.



## APPENDIX II.

**Capital and Depreciation Fund expenditure on Open Lines and New Construction during 1942-43.**

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
<b>State Railways managed by the State.</b>						
Bengal and Assam Railway { Capital .	15.91	42.00	57.91	..	..	..
{ Dep. Fund	66.56	48.62	1,15.18			
Bombay, Baroda and Central India Railway. { Capital .	15.37	20.07	35.44	..	..	..
{ Dep. Fund	58.33	32.37	90.70			
East Indian Railway . { Capital .	77.80	84.00	1,61.80	..	..	..
{ Dep. Fund	1,33.76	1,04.59	2,38.35			
Great Indian Peninsula Railway. { Capital .	6.89	16.18	23.07	..	..	..
{ Dep. Fund	17.19	40.19	57.38			
North Western Railway { Commercial Lines. { Capital .	60	60.37	60.97	5	..	5
{ Dep. Fund	20.00	50.38	70.38			
{ Strategic Lines { Capital .	9	4.41	4.50	..	..	..
{ Dep. Fund	3.03	8.97	12.00			
State Railway Collieries . Capital .	..	—3.61	—3.61	..	..	..
Total—State Railways managed by the State. { Capital .	1,16.66	2,23.42	3,40.08	5	..	5
{ Dep. Fund	2,98.87	2,85.12	5,83.99			
<b>State Railways managed by Companies or Indian States.</b>						
Bengal Nagpur Railway { Capital .	27.79	54.20	81.99	..	..	..
{ Dep. Fund	1,23.48	41.67	1,65.15			
Barwada Extension Railway . { Capital .	...	5	5	..	..	..
{ Dep. Fund	...	..	..			
Bengal and North Western Railway. { Capital .	2.24	1.67	3.91	..	..	..
{ Dep. Fund	8.01	2.98	10.99			
Dhone Kurnool Railway { Capital .	..	12	12	..	..	..
{ Dep. Fund	..	2	2			
Jodhpur Railway . { Capital .	..	12	12	..	..	..
{ Dep. Fund	..	1.66	1.66			
Madras and Southern Mahratta Railway. { Capital .	—4.12	28.14	24.02	..	..	..
{ Dep. Fund	44.12	24.25	68.37			
Rohilkund and Kumaon Railway. { Capital .	1.06	3.56	4.62	..	..	..
{ Dep. Fund	2.99	1.39	4.38			
South Indian Railway . { Capital .	2.98	—5.62	—2.69	..	..	..
{ Dep. Fund	13.21	22.33	35.54			
Total—State Railways managed by Companies or Indian States. { Capital .	20.90	82.24	1,12.14	..	..	..
{ Dep. Fund	1,91.81	94.20	2,86.01			
Total—All State Railways { Capital .	1,46.56	3,05.66	4,52.22	5*	..	5
{ Dep. Fund.	4,90.68	3,79.32	8,70.00			



APPENDIX II—*concl'd.*

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
Purchase of Tapil Valley, Mirpurkhas Khadro, Bengal & North Western and Rohilkund & Kumaon Railways . . . . Capital .	...	19,92,78	19,92,78	...	...	...
For emergencies . . . . Capital .	...	1,00	1,00	...	...	...
(Dep. Fund . . . . .)	...	5,00	5,00	...	...	...
Total . . . . . Capital .	1,46,56	22,99,44	24,46,00	5	...	5
(Dep. Fund . . . . .)	4,90,68	3,84,32	8,75,00			
Probable savings . . . . . Capital .			—96,00	...	...	...
(Dep. Fund . . . . .)			—1,75,00			
Total Open Lines and New Construction . . . . . Capital .			23,50,00	5	...	5
(Dep. Fund . . . . .)			7,00,00			



## APPENDIX III.

## Capital at charge of State-owned Railways.

(Figures in lakhs of rupees.)

Railways.	1940-41.	1941-42.	1942-43.
<b>State Railways managed by the State.</b>			
1. Assam Bengal . . . . .	24,85	24,74	..
2. Eastern Bengal . . . . .	53,89	53,89	..
3. Bengal and Assam . . . . .	..	..	79,09
4. Bombay, Baroda and Central India .	74,28	73,71	75,66
5. East Indian . . . . .	1,50,53	1,48,89	1,50,19
6. Great Indian Peninsula . . . . .	1,12,91	1,12,84	1,13,04
7. North Western {	Commercial . . . . .	1,14,15	1,13,87
	Strategic . . . . .	33,77	33,73
Total . . . . .	5,64,38	5,61,67	5,66,09
<b>State Railways managed by Companies and Indian States.</b>			
8. Bengal Nagpur . . . . .	78,52	78,55	79,16
9. Bengal and North Western . . . . .	10,44	10,41	25,85
10. Bezwada . . . . .	18	18	18
11. Dhone Kurnool . . . . .	28	28	28
12. Jodhpur . . . . .	1,34	1,34	1,46
13. Madras and Southern Mahratta . . . . .	53,51	53,60	53,78
14. Rohilkund and Kumaon . . . . .	2,68	2,69	5,47
15. South Indian . . . . .	46,41	46,08	46,05
16. Jorhat . . . . .	13	13	13
Total . . . . .	1,93,49	1,93,26	2,12,36
<b>Miscellaneous.</b>			
17. State Railway Collieries . . . . .	1,38	1,35	1,32
18. Other miscellaneous items . . . . .	1,68	1,68	1,69
Total . . . . .	3,06	3,03	3,01
<b>GRAND TOTAL</b>	<b>7,60,93</b>	<b>*7,57,96</b>	<b>7,81,46</b>

\*Rs. 196 lakhs dropped on account of loss by exchange in respect of stores purchased by company managed railways for revenue purposes.



## APPENDIX IV.

## Commercial and Strategic lines together.

(Excluding Burma Railways.)

(In lakhs of rupees.)														
		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
		M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
Mileage	{ State owned .	25,207	25,268	25,781	26,178	27,180	28,832	29,140	29,583	29,585	29,588	29,559	29,672	29,669
	{ Worked lines .	5,847	5,977	5,815	5,812	5,843	4,733	4,873	4,870	4,866	4,613	4,634	4,578	4,398
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts.	{ State-owned .	96,84	94,01	93,81	98,40	98,78	97,83	90,82	82,89	81,10	83,06	86,48	87,04	91,79
	{ Worked lines .	7,34	7,12	6,77	7,18	7,27	6,47	4,99	5,07	4,86	5,13	5,28	5,37	5,53
Operating expenses.	{ State-owned .	49,47	50,67	50,49	50,57	51,47	53,02	52,09	46,98	46,88	47,23	47,97	48,61	48,16
	{ Worked lines .	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63	2,49	2,60	2,66	2,68	2,66
Depreciation Fund .		9,93	10,24	10,46	10,93	11,53	12,11	12,55	12,93	13,23	13,01	13,18	12,67	12,57
Payment to worked lines .		3,64	3,55	3,44	3,65	3,64	3,17	2,33	2,44	2,37	2,53	2,62	2,69	2,87
Net traffic receipts (State Lines)		36,44	33,10	32,86	36,90	35,78	32,70	26,18	22,98	20,99	22,82	25,33	25,76	31,06
Net miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to Companies .		—73	—78	—84	—55	6	12	—16	—5	87	87	37	74	—22
Net revenue .		35,71	32,32	32,02	36,35	35,84	32,82	26,02	22,93	21,86	23,69	25,70	26,50	30,84
Interest charges .		22,98	23,82	24,83	26,15	28,10	28,87	31,13	31,46	31,40	31,03	30,30	29,92	29,39
Surplus .		12,73	8,50	7,19	10,20	7,74	3,95	—5,11	—8,53	—9,54	—7,34	—4,60	—3,42	1,45



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APPENDIX V-A.

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## APPENDIX

## Gross Traffic Receipts

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
Open mileage at end of the year.	M. 27,002	M. 27,090	M. 27,664	M. 28,086	M. 29,111	M. 30,878	M. 28,305	M. 31,197	M. 31,640	M. 31,642
State Railways managed by the State—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Burma . . .	4,29	4,93	4,61	5,03	4,95	4,87	4,78	4,28	3,74	3,33
Assam Bengal .	1,44	1,64	1,76	2,05	2,07	2,05	1,83	1,96	1,84	1,66
Eastern Bengal	5,92	6,29	6,72	7,00	7,03	6,73	6,62	5,86	5,05	4,91
Bengal and Assam.	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India.	12,33	12,14	11,26	11,34	11,86	11,52	11,74	10,90	10,30	10,17
East Indian .	20,61	19,72	19,66	20,43	20,31	19,85	20,10	18,24	17,36	17,27
Great Indian Peninsula.	15,16	14,63	14,70	15,09	15,30	14,58	14,91	13,33	11,92	11,95
North Western—Commercial Lines.	15,13	13,70	14,04	14,69	14,23	14,39	14,40	14,98	13,34	12,73
Strategic Lines	1,60	1,64	1,53	1,60	1,67	1,59	1,60	1,48	1,32	1,23
State Railways managed by Companies or Indian States—										
Bengal Nagpur.	8,38	8,38	8,20	9,16	9,12	9,31	8,76	8,17	7,24	6,91
Jodhpur . . .	29	26	21	25	21	25	24	23	18	23
Lucknow Bareilly	36	37	36	40	36	36	37	36	35	36
Madras and Southern Mahratta.	7,91	8,14	8,12	8,64	9,20	8,98	8,60	7,98	7,15	6,66
South Indian .	5,15	5,44	5,49	5,80	5,63	6,33	5,64	5,80	5,30	5,51
Tirhoot . . .	1,47	1,56	1,70	1,67	1,76	1,74	1,64	1,40	1,41	1,48
Other Railways	9	10	6	8	9	15	9	13	13	13
Total .	1,00,13	98,94	98,42	1,03,43	1,03,75	1,02,70	1,01,22	95,10	86,63	84,43



V-A

(excluding worked lines)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
31,644	31,619	31,548	31,732	31,729	29,764	29,725	29,797	30,549	29,728	29,278	29,278
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,57	3,72	3,73	3,61	3,70	..	..	..	3,66	..	..	..
1,60	1,80	1,75	1,60	1,68	1,76	1,90	2,00	1,79	2,11	2,18	..
5,07	5,43	5,26	5,25	5,74	5,83	5,94	6,20	5,79	6,74	7,45	..
..	..	..	..	..	..	..	..	..	..	..	9,45
10,61	11,07	10,61	11,08	11,89	12,61	11,87	12,11	11,79	14,08	15,20	15,20
17,63	18,71	17,84	18,63	19,44	21,00	20,84	21,28	20,24	24,35	26,97	26,38
12,21	12,17	12,32	12,41	13,27	13,01	12,94	13,55	13,04	16,56	20,88	20,52
13,23	13,87	13,63	14,16	15,62	15,52	15,08	14,95	15,07	17,29	19,94	18,27
1,23	1,23	1,30	1,26	1,38	1,45	1,31	1,40	1,36	1,73	2,20	3,45
7,39	7,95	7,53	8,64	8,39	9,51	9,47	10,80	9,36	12,13	13,05	12,80
25	28	23	38	37	38	40	36	38	45	53	53
36	37	36	38	40	41	41	43	40	54	56	66
6,84	6,72	7,07	6,54	6,68	6,92	7,26	7,60	7,00	8,14	9,30	9,10
5,14	5,24	5,40	4,99	5,12	5,34	5,24	5,20	5,18	5,85	6,73	6,80
1,38	1,52	1,44	1,60	1,69	1,73	1,67	1,62	1,66	1,82	1,85	2,39
12	12	13	12	12	14	15	15	13	15	16	15
86,63	90,20	88,66	90,65	95,49	95,01	94,48	97,65	96,85	1,11,94	1,27,00	1,25,50



## APPENDIX

## Ordinary Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-9.	1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>State Railways managed by the State—</b>										
Burma .	2,18	2,32	2,40	2,49	2,76	2,57	2,45	2,30	2,33	2,20
Assam Bengal	82	83	89	97	1,02	1,13	94	1,11	1,09	1,03
Eastern Bengal	3,47	3,83	3,63	3,73	3,86	3,84	3,73	3,74	3,29	3,24
Bengal and Assam.	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India.	5,91	6,24	6,05	5,84	6,08	6,07	6,03	4,96	5,50	5,48
East Indian	10,54	10,11	9,91	9,85	10,02	10,21	10,11	9,95	9,02	9,17
Great Indian Peninsula.	8,05	9,05	8,81	8,19	8,37	8,37	8,47	8,57	7,13	7,21
North Western—Commercial Lines.	7,46	7,00	7,74	7,98	7,94	8,47	7,77	9,03	7,74	7,37
Strategic Lines	1,56	1,45	1,52	1,58	1,60	1,68	1,56	1,76	1,38	1,46
<b>State Railways managed by Companies or Indian States—</b>										
Bengal Nagpur	4,73	4,81	4,44	5,04	5,11	5,51	4,94	5,02	4,83	4,80
Jodhpur .	17	17	16	15	17	17	17	15	15	15
Lucknow Bareilly.	12	13	16	15	14	16	14	23	16	16
Madras and Southern Mahratta	3,63	3,87	3,95	3,94	3,99	3,95	3,89	3,75	3,40	3,30
South Indian	2,60	2,69	2,55	2,60	2,63	2,79	2,64	2,73	2,63	2,77
Tirhoot .	36	44	57	59	51	52	50	98	56	61
Other Railways.	5	5	11	—4	2	16	6	11	10	4
<b>Total .</b>	<b>51,65</b>	<b>52,99</b>	<b>52,89</b>	<b>53,06</b>	<b>54,22</b>	<b>55,59</b>	<b>53,40</b>	<b>54,39</b>	<b>49,31</b>	<b>49,08</b>

NOTE.—Credits for material released from works not charged to revenue were taken in been added to miscellaneous receipts and from



## V-B

(excluding worked lines)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,27	2,30	2,28	2,26	2,07	..	..	..	2,17	..	..	..
1,08	1,17	1,10	1,13	1,10	1,16	1,20	1,18	1,15	1,23	1,28	..
3,36	3,45	3,42	3,65	3,71	3,81	4,08	4,61	3,97	4,17	4,72	...
..	..	..	..	..	..	..	..	..	..	..	5,87
5,28	5,49	5,34	5,39	5,60	5,69	5,81	5,80	5,66	6,03	6,56	6,27
9,22	9,31	9,33	9,37	9,33	10,24	10,47	10,59	10,00	10,94	13,27	11,54
7,13	6,88	7,38	6,90	6,66	6,78	6,91	6,88	6,83	7,09	8,93	8,59
7,72	7,81	7,93	7,72	7,73	8,11	8,10	7,87	7,90	8,21	9,08	8,65
1,42	1,47	1,50	1,52	1,43	1,41	1,35	1,33	1,41	1,41	1,52	1,53
4,94	5,13	4,96	5,52	5,37	5,53	5,74	6,10	5,65	6,12	6,54	6,69
18	18	16	19	20	20	21	22	21	21	24	24
16	15	17	16	15	17	18	18	17	20	22	25
3,39	3,47	3,46	3,52	3,37	3,66	3,79	3,80	3,63	3,80	4,15	4,16
2,71	2,73	2,72	2,78	2,72	2,82	2,86	2,90	2,82	2,87	3,19	3,31
57	66	68	69	72	71	71	72	71	65	73	95
7	7	8	7	7	8	7	8	7	8	7	8
49,50	50,27	50,51	50,87	50,23	50,37	51,48	52,26	52,35	53,01	60,45	58,13

reduction of operating expenses up to 1931-32; but from 1932-33 onwards they have 1936-37 credited to the Depreciation Fund.



## APPENDIX

## Total Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1 29-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>State Railways managed by the State—</b>										
Burma . . .	2,60	2,75	2,83	2,94	3,22	3,05	2,90	2,82	2,86	2,74
Assam Bengal .	1,06	1,07	1,13	1,21	1,27	1,40	1,19	1,40	1,40	1,35
Eastern Bengal .	4,19	4,59	4,40	4,52	4,69	4,71	4,52	4,66	4,25	4,22
Bengal and Assam.	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India.	6,98	7,34	7,21	7,08	7,18	7,40	7,23	8,30	6,89	6,87
East Indian .	12,55	12,03	11,90	11,92	12,17	12,42	12,17	12,24	11,37	11,82
Great Indian Peninsula.	9,40	10,51	10,33	9,77	10,04	10,20	10,04	10,46	9,07	9,19
North Western—Commercial Lines	9,18	8,88	9,49	9,90	10,01	10,64	9,68	11,29	10,07	9,85
Strategic Lines	1,96	1,80	1,87	1,95	1,99	2,09	1,94	2,19	1,81	1,90
<b>State Railways managed by Companies or Indian States—</b>										
Bengal Nagpur .	5,76	5,01	5,58	6,21	8,29	6,75	6,08	6,33	6,17	6,28
Jodhpur . . .	18	18	17	17	19	19	16	18	17	16
Lucknow Bareilly	17	18	21	19	19	20	19	28	20	20
Madras and Southern Mahratta.	4,34	4,61	4,77	4,75	4,86	4,85	4,70	4,63	4,30	4,20
South Indian .	3,07	3,16	3,05	3,13	3,23	3,44	3,18	3,42	3,38	3,55
Tirhoot . . .	51	60	71	74	66	68	65	1,14	72	77
Other Railways & Miscellaneous.	5	5	13	—4	3	16	6	12	11	5
<b>Total .</b>	<b>62,00</b>	<b>63,16</b>	<b>63,78</b>	<b>64,44</b>	<b>66,22</b>	<b>68,18</b>	<b>64,71</b>	<b>67,46</b>	<b>62,77</b>	<b>62,85</b>

NOTE :—Credits for materials released from works not charged to revenue were taken been added to miscellaneous receipts and from



## V-C

(excluding worked lines)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget, estimate, 1942-43.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,82	2,84	2,82	2,84	2,65	..	..	..	2,75	...	..	..
1,39	1,49	1,41	1,53	1,50	1,56	1,61	1,59	1,56	1,64	1,70	..
4,33	4,42	4,38	4,50	4,57	4,67	4,94	5,48	4,83	5,04	5,62	..
..	..	..	..	..	..	..	..	..	..	..	7,19
6,87	6,87	6,72	6,66	6,83	6,92	7,05	7,04	6,90	7,27	7,80	7,51
11,61	11,71	11,69	11,77	11,78	12,70	12,94	13,07	12,45	13,43	15,78	14,02
9,07	8,90	9,34	8,92	8,58	8,68	8,82	8,78	8,76	9,00	10,81	10,47
10,01	10,16	10,28	9,60	9,61	10,00	9,99	9,76	9,79	10,12	10,93	10,55
1,85	1,90	1,93	2,09	2,00	1,97	1,91	1,90	1,98	1,97	2,08	2,09
6,32	6,52	6,32	6,81	6,67	6,83	7,03	7,40	6,95	7,43	7,85	8,00
21	21	18	21	22	22	23	24	22	23	26	26
20	19	21	20	19	21	22	22	21	24	26	30
4,29	4,38	4,36	4,44	4,26	4,55	4,69	4,69	4,53	4,69	5,05	5,06
3,48	3,51	3,47	3,53	3,47	3,58	3,62	3,67	3,57	3,65	3,97	4,08
73	81	83	86	89	88	88	89	88	82	91	1,12
8	8	9	16	16	17	11	12	14	12	11	11
63,06	63,99	64,03	64,12	63,38	62,94	64,04	64,85	65,52	65,65	73,13	70,76

in reduction of operating expenses upto 1931-32 but from 1932-33 onwards they have 1936-37 credited to the Depreciation Fund.



## APPENDIX

## Net receipts

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>State Railways managed by the State—</b>										
Burma . . .	1,69	2,18	1,78	2,09	1,73	1,82	1,88	1,46	88	59
Assam Bengal .	38	57	63	84	80	65	64	56	44	21
Eastern Bengal .	1,73	1,70	2,32	2,48	2,34	2,02	2,10	1,20	80	69
Bengal and Assam .	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India.	5,35	4,80	4,05	4,26	4,48	4,12	4,51	4,60	3,41	3,30
East Indian . .	8,06	7,69	7,76	8,51	8,14	7,43	7,93	6,00	5,99	5,75
Great Indian Penin- sula.	5,76	4,12	4,37	5,32	5,26	4,38	4,87	2,87	2,85	2,76
North Western— Commercial Lines.	5,95	4,82	4,55	4,99	4,22	3,75	4,72	3,69	3,27	2,88
Strategic lines .	—36	—16	—34	—35	—32	—50	—34	—71	—49	—67
<b>State Railways managed by Companies or Indian States—</b>										
Bengal Nagpur .	2,62	2,47	2,62	2,95	2,83	2,56	2,68	1,84	1,07	63
Jodhpur . . .	11	8	4	8	2	6	6	5	1	7
Lucknow Bareilly .	19	19	15	21	17	16	18	8	15	16
Madras and South- ern Mahratta.	3,57	3,53	3,35	3,89	4,34	4,13	3,80	3,35	2,85	2,46
South Indian . .	2,08	2,28	2,44	2,67	2,40	2,89	2,46	2,35	1,92	1,96
Tirhoot . . .	96	96	99	93	1,04	1,06	99	26	69	71
Other Railways and Miscellaneous.	4	5	—7	12	6	—1	3	1	2	8
<b>Total .</b>	<b>38,13</b>	<b>35,28</b>	<b>34,64</b>	<b>38,99</b>	<b>37,51</b>	<b>34,52</b>	<b>36,51</b>	<b>27,64</b>	<b>23,86</b>	<b>21,58</b>



## V-D

(excluding worked lines)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
75	88	91	77	1,05	..	..	..	91	..	..	..
21	31	34	7	18	20	29	41	23	47	48	..
74	1,01	88	75	1,17	1,16	1,00	72	96	1,70	1,83	..
..	..	..	..	..	..	..	..	..	..	..	2,26
3,94	4,20	3,89	4,42	5,06	5,09	4,82	5,07	4,89	6,81	7,40	7,69
6,02	7,00	6,15	6,86	7,66	8,30	7,90	8,21	7,79	10,92	11,19	12,36
3,14	3,27	2,98	3,49	4,69	4,33	4,12	4,77	4,28	7,56	10,07	10,05
3,22	3,71	3,36	4,56	6,01	5,52	5,09	5,19	5,28	7,17	9,01	7,72
-62	-67	-63	-83	-62	-52	-60	-50	-62	-24	12	1,36
1,07	1,43	1,21	1,83	1,72	2,68	2,44	3,40	2,41	4,70	5,20	4,80
4	7	5	17	15	16	17	12	16	22	27	27
16	18	15	18	21	20	19	21	19	30	30	36
2,55	2,34	2,71	2,10	2,42	2,37	2,57	2,91	2,47	3,45	4,25	4,04
1,66	1,73	1,93	1,46	1,65	1,76	1,62	1,53	1,61	2,20	2,76	2,58
65	71	61	74	80	85	79	73	78	1,00	94	1,27
4	4	4	-4	-4	-3	4	3	-1	3	5	4
23,57	26,21	24,57	26,53	32,11	32,07	30,44	32,80	31,33	46,29	53,87	54,74



## APPENDIX

Profit (+)

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>State Railways managed by the State—</b>										
Purwa . . . . .	+ 42	+ 81	+ 24	+ 61	+ 4	+ 4	+ 36	- 44	- 73	- 75
Assam Bengal . . . . .	- 31	- 13	- 11	+ 4	- 6	- 23	- 14	- 34	- 52	- 74
Eastern Bengal . . . . .	+ 16	+ 10	+ 70	+ 80	+ 54	+ 10	+ 41	- 74	- 1,23	- 1,28
Bengal and Assam . . . . .	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India . . . . .	+ 2,02	+ 2,20	+ 1,42	+ 1,58	+ 1,64	+ 1,11	+ 1,81	+ 41	+ 45	+ 41
East Indian . . . . .	+ 2,80	+ 2,80	+ 2,67	+ 3,19	+ 2,44	+ 1,61	+ 2,60	- 18	- 24	- 13
Great Indian Peninsula . . . . .	+ 2,42	+ 47	+ 71	+ 1,41	+ 1,08	+ 8	+ 1,03	- 1,72	- 1,78	- 1,68
North Western—Commercial Lines . . . . .	+ 2,87	+ 1,76	+ 1,21	+ 1,23	+ 9	- 64	+ 1,09	- 1,17	- 1,56	- 1,78
Strategic Lines . . . . .	- 1,59	- 1,47	- 1,65	- 1,68	- 1,74	- 1,90	- 1,67	- 2,17	- 1,99	- 2,09
<b>State Railways managed by Companies or Indian States—</b>										
Bengal Nagpur . . . . .	- 12	- 47	- 40	- 20	- 47	- 83	- 42	- 1,99	- 2,48	- 2,80
Jodhpur . . . . .	+ 9	+ 6	+ 2	+ 4	- 1	+ 2	+ 4	- 1	- 3	+ 3
Lucknow Bareilly . . . . .	+ 9	+ 9	+ 4	+ 10	+ 6	+ 5	+ 7	+ 6	+ 4	+ 5
Madras and Southern Mahratta . . . . .	+ 1,11	+ 1,5	+ 63	+ 1,04	+ 1,38	+ 89	+ 98	+ 1	+ 14	- 19
South Indian . . . . .	+ 97	+ 1,13	+ 1,20	+ 1,27	+ 81	+ 1,13	+ 1,08	+ 31	+ 1	+ 6
Tirhoot . . . . .	+ 63	+ 60	+ 68	+ 6	+ 66	+ 65	+ 63	+ 24	+ 30	+ 34
Other Railways . . . . .	+ 1	+ 3	+ 3	+ 3	+ 3	- 4	+ 2	- 1	- 1	+ 4
Miscellaneous . . . . .	+ 60	+ 45	+ 11	+ 85	+ 1,32	+ 1,94	+ 88	+ 2,63	+ 45	+ 28
<b>TOTAL . . . . .</b>	<b>+ 13,16</b>	<b>+ 9,28</b>	<b>+ 7,50</b>	<b>+ 10,85</b>	<b>+ 7,81</b>	<b>+ 4,04</b>	<b>+ 8,77</b>	<b>- 5,19</b>	<b>- 9,20</b>	<b>- 10,23</b>



V.E

Loss (—)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—71	—56	—64	—68	—36	..	..	..	—52	..	..	..
—73	—60	—60	—84	—75	—75	—66	—54	—71	—46	..	..
—1,25	—93	—1,10	—1,18	—79	—78	—94	—1,21	—98	—24	..	..
..	..	..	..	..	..	..	..	..	..	—66	—62
+1,00	+1,28	+72	+1,56	+2,16	+2,16	+1,02	+2,18	+2,00	+3,93	+4,24	+4,91
+37	+1,14	+19	+1,64	+1,75	+2,39	+2,00	+2,34	+1,90	+5,10	+5,41	+6,72
—1,24	—1,04	—1,49	—67	+46	+12	—6	+62	+9	+3,53	+6,10	+6,14
—1,36	—70	—1,32	+24	+1,53	+1,07	+63	+77	+85	+2,81	+4,70	+3,49
—2,03	—2,03	—2,06	—2,10	—1,96	—1,85	—1,92	—1,81	—1,93	—1,52	—1,15	+12
—2,27	—1,86	—2,28	—1,38	—1,52	—56	—83	+20	—82	+1,49	+1,94	+1,59
+1	+3	+1	+13	+10	+11	+11	+7	+11	+17	+22	+22
+5	+8	+6	+8	+10	+10	+8	+10	+9	+18	+17	+18
—4	—28	—7	—38	—3	—11	+6	+55	+2	+1,11	+1,91	+1,74
—21	—10	+1	—32	—10	..	—14	—20	—19	+48	+98	+73
+25	+32	+29	+35	+41	+44	+38	+31	+38	+58	+52	+51
+3	+3	+2	+2	+2	+4	+5	+5	+4	+4	+7	+5
+17	+14	+73	+13	+19	+38	+69	+90	+46	+1,26	+1,75	+2,17
—7,96	—5,06	—7,53	—4,00	+1,21	+2,76	+1,37	+4,33	+79	+18,46	+26,20	+27,95



## APPENDIX

## All Railways. (Commercial)

## Statement of Receipts

RECEIPTS.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	M.	M.	M.	M.	M.
Open Mileage at end of the year.	32,849	33,067	33,489	33,898	34,954
Passenger traffic earnings :—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class . . .	4,42	4,48	4,46	4,55	4,45
Third class . . .	31,58	32,17	30,91	31,81	30,89
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,78
Sundry earnings . .	1,64	1,76	1,73	2,01	2,11
Suspense . . .	28	..	—6	—9	—15
TOTAL GROSS RECEIPTS .	1,07,47	1,06,06	1,05,54	1,10,75	1,11,15
Refunds of revenue collected.	..	..	—35*	—14	—15
TOTAL { State owned .	1,00,13	98,94	98,42	1,03,43	1,03,73
{ Worked lines .	7,34	7,12	6,77	7,18	7,27
Miscellaneous Receipts .	51	89	1,09	1,25	1,57
TOTAL . . .	1,07,08	1,06,95	1,06,28	1,11,86	1,12,67

\* Includes remissions of earnings also.



## VI

and Strategic Lines together.)

and Expenditure (including worked lines).

(In lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year .	6,34.83	6,54.02	6,81.24	7,13.72	7,39.12
Working Expenses—					
Administration . . . . .	12.33	12.77	13.06	13.44	14.19
Repairs and maintenance . . . . .	18.10	17.18	18.16	18.05	18.11
Operation :—					
Other than Fuel . . . . .	15.54	16.44	16.27	16.24	17.16
Fuel . . . . .	9.76	10.27	8.79	8.81	8.71
Depreciation . . . . .	10.35	10.67	10.89	11.38	12.00
Suspense . . . . .	—38	—10	—6	3	—32
TOTAL .	65.70	67.23	67.11	67.95	69.85
Payment to worked lines as share of earnings.	3.64	3.55	3.44	3.67	3.64
Companies share of surplus profits	1.42	1.77	1.65	1.57	1.59
Miscellaneous expenditure . . . . .	16	31	71	55	35
TOTAL .	5.22	5.63	5.80	5.79	5.58
Interest :—					
On Government capital at charge .	21.23	23.14	24.30	25.75	27.83
On capital contributed by the Companies.	2.67	1.67	1.57	1.52	1.50
Total Interest .	23.90	24.81	25.87	27.27	29.33
GRAND TOTAL .	94.82	97.67	98.78	1,01.01	1,04.76
Balance net profit for the year . . . . .	13.16	9.28	7.50	10.85	7.81
Contribution to General Revenues .	6.78	5.49	6.01	6.28	5.23
Railway Reserve Fund . . . . .	6.38	3.79	1.49	4.57	2.58
Railway Depreciation Fund . . . . .	..	..	..	..	..
Percentage of net profit on Capital at charge.	2.0	1.4	1.1	1.5	1.0
Percentage of net profit (before deducting interest) on capital at charge.	5.8	5.2	4.9	5.3	5.0
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts)	61.9	64.3	64.8	62.3	63.8
Capital Expenditure—					
Open Line Works . . . . .	10.26	15.31	16.13	22.19	15.79
New Constructions . . . . .	3.12	4.32	6.77	10.26	9.26
Depreciation Fund . . . . .	7.29	7.98	8.05	10.95	9.60
Purchase of Railways and branch line shares, etc.	..	..	4.33	3	4.30



## APPENDIX

## All Railways. (Commercial)

## Statement of Receipts

RECEIPTS.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	M.	M.	M.	M.	M.
Open mileage at end of the year.	35,611	36,070	36,510	36,508	36,257
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class . . . .	4,26	3,87	3,44	3,25	3,15
Third class . . . .	31,49	27,81	25,52	25,69	24,50
TOTAL PASSENGER EARNINGS .	35,75	31,68	28,96	28,94	27,65
Other coaching traffic earnings.	5,81	5,40	5,28	5,03	4,92
Goods traffic earnings . .	65,25	60,69	55,41	53,76	58,20
Sundry earnings . . . .	2,21	1,97	1,82	1,63	1,59
Suspense . . . . .	30	46	34	4	—49
TOTAL GROSS RECEIPTS .	1,09,32	1,00,20	91,81	89,40	91,87
Refunds of revenue collected .	—15	—11	—11	—11	—11
TOTAL . { State owned .	1,02,70	95,10	86,63	84,43	86,63
{ Worked lines .	6,47	4,99	5,07	4,86	5,13
Miscellaneous Receipts . .	2,08	1,73	1,20	2,22	2,07
TOTAL . . . . .	1,11,25	1,01,82	92,90	91,81	93,83



VI—contd.

and Strategic Lines together.)

and Expenditure (including worked lines).

(In lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year.	7,69,98	7,83,18	7,82,64	7,88,81	7,86,76
Working Expenses—					
Administration . . .	14,40	14,89	14,66	12,59	12,43
Repairs and maintenance . .	18,43	15,91	14,21	15,94	16,13
Operation—					
Other than Fuel . . .	17,05	17,60	16,21	17,64	17,64
Fuel . . . . .	9,01	8,62	7,39	7,27	7,05
Depreciation . . . . .	12,59	13,07	13,46	13,77	13,56
Suspense . . . . .	..	3	—9	4	—1
Emergency deductions from pay ..	..	..	—44	—1,91	—1,14
TOTAL . . . . .	71,48	70,12	65,40	65,34	65,66
Payment to worked lines as share of earnings.	3,17	2,33	2,44	2,37	2,53
Companies share of surplus profits.	1,52	1,16	64	65	55
Miscellaneous expenditure . .	58	68	55	47	43
TOTAL . . . . .	5,27	4,17	3,63	3,49	3,55
Interest—					
On Government capital at charge.	29,09	31,34	31,76	31,57	31,30
On capital contributed by the Companies.	1,37	1,38	1,31	1,34	1,28
Total Interest . . . . .	30,46	32,72	33,07	32,91	32,58
GRAND TOTAL . . . . .	1,07,21	1,07,01	1,02,10	1,01,74	1,01,79
Balance net profit (+) or loss (—) for the year.	+ 4,04	—5,19	—9,20	—10,23	—7,56
Contribution to General Revenues.	6,12	5,74	..	..	..
Railway Reserve Fund . . .	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund . .	..	..	—4,25	—10,23	—7,06
Percentage of net profit on Capital at charge.	0.5	—0.7	—1.2	—1.3	—1.0
Percentage of net profit before deducting interest on capital at charge.	4.5	3.5	3.0	2.9	3.1
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts).	66.4	70.9	72.5	73.4	71.8
Capital Expenditure—					
Open Line Works . . . . .	16,47	8,95	3,90	—50	—2,28
New Constructions . . . . .	6,65	4,25	2,79	57	22
Depreciation Fund . . . . .	11,76	11,39	8,26	6,35	8,08
Purchase of Railways and branch line shares, etc.	7,06	1	..	..	..



## APPENDIX

## All Railways. (Commercial

## Statement of Receipts

RECEIPTS.	Actuals.			Actuals (excluding Burma Railways).	
	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	M.	M.	M.	M.	M.
Open mileage at end of the year. . . . .	36,253	36,310	36,127	33,848	33,808
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class . . . . .	3,16	3,20	3,27	3,30	3,24
Third class . . . . .	24,77	24,88	24,55	25,11	24,77
TOTAL PASSENGER EARNINGS . . . . .	27,93	28,08	27,82	28,41	28,01
Other coaching traffic earnings . . . . .	4,92	5,05	5,19	5,16	4,96
Goods traffic earnings . . . . .	61,05	61,43	66,34	64,79	64,38
Sundry earnings . . . . .	1,62	1,83	2,10	1,95	2,15
Suspense . . . . .	8	—23	—24	15	12
TOTAL GROSS RECEIPTS . . . . .	95,60	96,16	1,01,21	1,00,46	99,62
Refunds of revenue collected . . . . .	—12	—14	—19	...	...
TOTAL { State Owned . . . . .	90,20	90,65	95,49	95,01	94,48
{ Worked lines . . . . .	5,28	5,37	5,53	5,45	5,14
Miscellaneous Receipts . . . . .	1,85	2,13	1,15	1,23	1,49
TOTAL . . . . .	97,33	98,15	1,02,17	1,01,69	1,01,11



## VI—contd.

and Strategic Lines together.)

and Expenditure (including worked lines).

(In lakhs of rupees.)

EXPENDITURE.	Actuals.			Actuals (excluding Burma Railways).	
	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year . . . .	7,86,90	7,89,02	7,88,88	7,53,80	7,55,26
Working expenses :—					
Maintenance of structural works . . . .	9,05	8,94	8,29	7,94	7,72
Maintenance and supply of Locomotive power . .	17,13	16,82	16,93	17,53	17,92
Maintenance of carriage and wagon stock . .	6,08	6,32	5,88	6,13	5,80
Maintenance and working of ferry steamers and harbours.	32	29	29	29	28
Expenses of Traffic Departments . . . .	10,92	10,86	11,01	10,63	10,02
Expenses of General Department . . . .	4,89	4,88	4,86	4,89	3,99
Miscellaneous Expenses . . . .	4,40	4,38	4,35	4,33	4,35
Expenses of Electrical Department . . . .	1,22	1,18	1,16	1,20	3,83
Suspense . . . .	—8	—4	12	7	10
Emergency deductions from pay . . . .	—1,00	—8	...	...	...
Depreciation . . . .	13,72	13,25	13,15	12,57	12,66
TOTAL . . . .	66,65	66,80	66,04	65,58	66,57
Payment to worked lines as share of earnings . .	2,62	2,69	2,87	2,81	2,61
Rebate to worked lines . . . .	14	16	15	12	14
Companies share of surplus profits . . . .	61	51	43	52	49
Land and subsidy . . . .	6	6	9	6	5
Miscellaneous expenditure . . . .	51	54	57	58	58
TOTAL . . . .	3,94	3,96	4,11	4,09	3,87
Interest :—					
On Government Capital at charge . . . .	30,57	30,18	29,61	28,10	23,18
On Capital contributed by Companies . . . .	1,23	1,21	1,20	1,16	1,12
TOTAL INTEREST . . . .	31,80	31,39	30,81	29,26	29,30
Grand Total . . . .	1,02,39	1,02,15	1,00,96	98,93	99,74
Balance net profit (+) or loss (—) for the year . .	—5,06	—4,00	1,21	2,76	1,37
Contribution to General Revenues . . . .	...	...	...	2,76	1,37
Railway Reserve Fund . . . .	...	...	...	...	...
Railway Depreciation Fund . . . .	—5,06	—4,00	1,21	...	...
Percentage of net profit on Capital at charge . .	—84	—51	+15	+37	+18
Percentage of net profit before deducting interest on capital at charge.	3.4	3.5	4.1	4.2	4.1
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts).	69.2	68.8	65.4	65.3	66.8
Capital Expenditure—					
Open Line Works . . . .	27	1,85	28	26	2,27
New Constructions . . . .	18	29	...	—5	...
Depreciation Fund . . . .	8,86	9,16	7,88	7,99	7,08
Purchase of Railways and branch line shares, etc.	—20	44	...	31	...



## APPENDIX

## All Railways. (Commercial)

## Statement of Receipts

RECEIPTS.	Actuals (excluding Burma Railways).		Revised Estimate (excluding Burma Railways).	Budget Estimate (excluding Burma Railways).
	1939-40.	1940-41.	1941-42.	1942-43.
	M.	M.	M.	M.
Open mileage at end of the year . . . . .	33,785	33,739	33,389	33,389
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.
Upper class . . . . .	3,18	3,72	4,52	4,45
Third class . . . . .	24,60	27,40	30,99	30,35
TOTAL PASSENGER EARNINGS . . . . .	27,78	31,12	35,51	34,80
Other coaching traffic earnings . . . . .	5,41	7,36	9,80	9,40
Goods traffic earnings . . . . .	68,07	76,77	84,50	88,10
Sundry earnings . . . . .	2,26	2,57	3,20	3,07
Suspense . . . . .	—79	—24	9	—10
TOTAL GROSS RECEIPTS . . . . .	1,02,73	1,17,58	1,32,00	1,30,27
TOTAL . . . . .	97,65	1,11,94	1,27,00	1,25,50
	5,08	5,64	5,90	4,77
Miscellaneous Receipts . . . . .	1,71	2,02	2,87	2,93
TOTAL . . . . .	1,04,44	1,19,60	1,35,47	1,33,24



## VI—concl'd.

and Strategic Lines together.)

and Expenditure (including worked lines).

(In lakhs of rupees.)

EXPENDITURE.	Actuals (excluding Burma Railways).		Revised Estimate (excluding Burma Railways).	Budget Estimate (excluding Burma Railways).
	1939-40.	1940-41.	1941-42.	1942-43.
	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year . . . . .	7,58,62	7,60,93	7,57,96	7,31,46
Working expenses :—				
Maintenance of structural works . . . . .	8,13	7,63	11,93	5,97
Maintenance and supply of Locomotive power . . . . .	18,08	18,88	20,15	20,57
Maintenance of carriage and wagon stock . . . . .	5,84	6,13	6,22	6,31
Maintenance and working of ferry steamers and harbours . . . . .	29	30	33	33
Expenses of Traffic Department . . . . .	10,04	10,25	11,06	11,19
Expenses of General Departments . . . . .	4,11	4,13	4,44	4,42
Miscellaneous Expenses . . . . .	4,51	4,64	5,02	4,95
Expenses of Electrical Department . . . . .	3,81	3,65	3,62	3,67
Suspense . . . . .	—4	—2	36	2
Depreciation . . . . .	12,59	12,64	12,68	12,63
TOTAL . . . . .	67,36	68,26	75,86	73,06
Payment to worked lines as share of earnings . . . . .	2,57	3,03	3,17	2,47
Rebate to worked lines . . . . .	8	6	6	7
Companies share of surplus profits . . . . .	35	50	90	68
Land and subsidy . . . . .	7	6	10	9
Miscellaneous Expenditure . . . . .	57	55	57	57
TOTAL . . . . .	3,64	4,20	4,80	3,88
Interest :—				
On Government Capital at charge . . . . .	28,13	27,70	27,63	27,57
On Capital contributed by Companies . . . . .	98	98	98	78
TOTAL INTEREST . . . . .	29,11	28,68	28,61	28,35
GRAND TOTAL . . . . .	1,00,11	1,01,14	1,09,27	1,05,29
Balance net profit (+) or loss (—) for the year . . . . .	4,33	18,46	26,20	27,95
Contribution to General Revenues . . . . .	4,33	12,16	19,12	20,13
Railway Reserve Fund . . . . .	...	6,30	...	...
Railway Depreciation Fund . . . . .	...	...	7,08	7,82
Percentage of net profit on Capital at charge . . . . .	57	24	35	36
Percentage of net profit before deducting interest on capital at charge . . . . .	44	62	72	72
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts). . . . .	65.6	58.0	57.1	56.1
Capital Expenditure—				
Open Line Works . . . . .	2,86	16	—1,02	3,57
New Constructions . . . . .	30	1	—3	...
Depreciation Fund Expenditure . . . . .	6,53	7,19	5,13	7,00
Purchase of Railways and branch line shares, etc. . . . .	1,32	2,14	4,92	19,93



## APPENDIX VII.

*Railway Depreciation Reserve Fund.*

(In lakhs of rupees.)

Year.	Appropriation to Fund.	Withdrawals towards renewals and replacements.	Net accretion to Fund during the year.	Nominal closing balance.	Temporary loans to meet deficit.	Actual closing balance.
1924-25 . .	10,35	7,29	3,06	3,06	..	3,06
1925-26 . .	10,67	7,99	2,68	5,74	..	5,74
1926-27 . .	10,89	8,05	2,84	8,58	..	8,58
1927-28 . .	11,38	10,95	43	9,01	..	9,01
1928-29 . .	12,00	9,60	2,40	11,41	..	11,41
1929-30 . .	12,59	11,76	83	12,24	..	12,24
1930-31 . .	13,07	11,39	1,68	13,92	..	13,92
1931-32 . .	13,46	8,26	5,20	19,12	4,25	14,87
1932-33 . .	13,77	6,35	7,42	26,54	10,23	12,06
1933-34 . .	13,56	8,07	5,49	32,03	7,96	9,59*
1934-35 . .	13,72	8,66	5,06	37,09	5,06	9,59
1935-36 . .	13,26	9,16	4,10	41,19	4,00	9,69
1936-37 . .	13,17	7,88	5,29	46,48	—1,21	16,19
1937-38 . .	12,59	(a) 7,69	4,90	(b) 49,90	..	(b) 19,61*
1938-39 . .	12,56	7,10	5,46	55,36	..	25,07
1939-40 . .	12,59	6,51	6,08	61,44	..	31,15
1940-41 . .	12,64	7,19	5,45	66,89	..	36,60
1941-42 (Revised Estimate).	12,68	5,12	7,56	74,45	—7,08	51,24
1942-43 (Budget Estimate)	(c) 12,68	7,00	(c) 5,68	80,13	—7,82	64,74

\*The closing balances from 1933-34 and onwards include Rs. 9 lakhs on account of loans to branch line companies and those from 1937-38 onwards also include Rs. 31 lakhs on account of investments in branch line shares.

(a) Includes 32 lakhs written off capital on account of abandoned assets.

(b) Excludes 148 lakhs balance for Burma Railways.

(c) Includes 4.59 lakhs on account of Bengal and North Western and Rohilkund and Kumaon Railways' Renewal Reserve.



## APPENDIX VIII.

*Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1942-43.*

Designation.	No.	Scale of pay.			Remarks.
		Mini- mum.	Incre- ment.	Maxi- mum.	
<i>Temporary.</i>		Rs.	Rs.	Rs.	
BOMBAY, BARODA AND CENTRAL INDIA RAIL- WAY.					
Air Raid Precautions Officer	1	750	..	950	For one year.
BENGAL AND ASSAM RAILWAY.					
Deputy Superintendent, Telegraphs.	1	350	20	450	For three years.
Assistant Air Raid Precau- tions Officer.	1	250	25	525	For ten months from 1st September 1941.
Traffic Probationer . . .	1	250	25	275	For two years.
EAST INDIAN RAILWAY.					
Deputy General Manager (War Planning).	1	..	..	1,950	For one year.
Assistant Officers . . .	2	..	..	275	For one year.
Liaison Officer . . .	1	..	..	1,950	
Executive Officer . . .	1	625	..	1,375	
TRANSPORTATION.					
<i>Traffic and Commercial Departments.</i>					
Superintendent . . .	1	550	..	1,300	For two years.
TRANSPORTATION.					
<i>Training.</i>					
Assistant Superintendent .	1	..	..	275	Overseas pay Rs. 150.
Do. . . . .	1	250	25	275	Overseas pay Rs. 150. For two years.
Do. . . . .	2	250	25	275	For two years.
Do. . . . .	2	250	25	275	For two years.



## APPENDIX VIII—contd.

*Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1942-43—contd.*

Designation.	No.	Scale of pay.			Remarks.
		Mini-mum.	Incre-ment.	Maxi-mum.	
		Rs.	Rs.	Rs.	
<i>Temporary.</i>					
<b>GREAT INDIAN PENIN- SULA RAILWAY.</b>					
<b>ENGINEERING.</b>					
Assistant Engineer . . .	1	350	30	800	For three years.
Assistant Engineer (Proba- tioner).	1	250	25	275	For two years.
Assistant Engineer (Proba- tioner).	1	..	..	275	On fixed pay. For one year.
<b>TRANSPORTATION.</b>					
Deputy Transportation Superintendent.	1	..	..	1,950	For two years.
Assistant Transportation Superintendent.	1	300	50	900	Till the duration of war.
Assistant Transportation Superintendent.	1	350	30	800	Till the duration of war.
Assistant Transportation Superintendent (Proba- tioner).	1	250	25	275	For two years.
<b>COMMERCIAL.</b>					
Traffic Probationers . . .	2	250	25	275	For two years.
<b>STORES.</b>					
Assistant Controller of Stores	1	350	30	800	For one year
<b>MECHANICAL.</b>					
Mechanical Engineer . . .	1	550	..	1,250	For one year.
Assistant Mechanical Engi- neer.	1	375	50	975	
Air Raid Precautions Officer	1	..	..	800	Till the duration of war.



APPENDIX VIII--*contd.*

*Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1942-43--contd.*

Designation.	No.	Scale of pay.			Remarks.
		Mini-mum.	Incre-ment.	Maxi-mum.	
<i>Temporary.</i>		Rs.	Rs.	Rs.	
<b>MADRAS AND SOUTHERN MAHRATTA RAILWAY.</b>					
<b>ENGINEERING.</b>					
Officer candidate . . .	2	250	25	275	One from May and the other from August 1942.
Executive Engineer for N. E. L. Bridge works.	1	625	50	1,350	
Assistant Engineer for N. E. L. Bridge works.	2	375	50	975	
Assistant Engineer for M. R. H. Bridge works.	2	350	25	500	
<b>MECHANICAL.</b>					
Officer candidate . . .	2	250	25	275	From 1st December 1941 and 1st October 1942.
<b>OPERATING (TRAFFIC).</b>					
Officer candidate . . .	2	250	25	275	From 13th October 1941 and 10th November 1941.
<b>AUDIT.</b>					
Officer candidate . . .	1	250	25	275	From 10th November 1941.
<b>AGENCY.</b>					
Special Air Raid Precautions Officer. . .	1	600	..	800	From 16th July 1941 till duration of the war.



## APPENDIX VIII—concl'd.

*Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1942-43—concl'd.*

Designation.	No.	Scale of pay.			Remarks.
		Mini- mum.	Incre- ment.	Maxi- mum.	
		Rs.	Rs.	Rs.	
NORTH WESTERN RAIL- WAY.					
<i>Temporary.</i>					
Executive Engineer (Air Raid Precautions).	1	625	50	1,375	
Traffic Probationer . . .	1	250	25	275	For two years.



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APPENDIX IX.

Financial results of working of Indian State Railways from 1940-41 to 1942-43.

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## Appendix IX.

## BENGAL AND ASSAM RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Working Expenses—</b>				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . . . .	97.25	1,11.89	1,22.00	1,18.75
Maintenance and Supply of locomotive Power . . . . .	1,53.58	1,57.23	1,60.40	1,64.80
Maintenance of Carriage and Wagon Stock . . . . .	56.77	67.32	60.60	61.85
Maintenance and working of Ferry Steamers and Harbours . . . . .	9.35	10.30	10.54	10.13
Expenses of Traffic Department . . . . .	1,10.07	1,24.59	1,15.10	1,16.70
Expenses of General Departments . . . . .	44.38	45.91	48.25	45.70
Miscellaneous Expenses . . . . .	50.15	47.15	61.40	52.50
Expenses of Electrical Department . . . . .	27.82	32.27	30.55	31.90
Total . . . . .	5,49.37	5,96.66	6,08.84	6,02.33
Suspense . . . . .	5.63	8.65	7.40	5.0
Total Ordinary Expenses . . . . .	5,55.00	6,05.31	6,16.24	6,02.83
(b) Appropriation to Depreciation Fund . . . . .	1,27.65	1,31.55	1,31.40	1,31.30
Total Working Expenses . . . . .	6,82.65	7,36.86	7,47.64	7,34.13
<b>II.—Miscellaneous—</b>				
Share of surplus profits payable to railway companies and Indian States . . . . .	12	1.24	1.92	..
Net earnings payable to worked lines . . . . .	15.47	15.25	16.60	16.15
Rebate . . . . .	66	90	61	97
Miscellaneous payments . . . . .	3	..	3	3
Surveys . . . . .	—1	..	..	..
Land . . . . .	34	4	49	3
<b>III.—Interest—</b>				
On Government Capital at Charge . . . . .	2,80.98	2,89.13	2,88.91	2,87.85
On other capital (contributed by the company or otherwise) . . . . .	6.09	6.00	6.08	..
Total interest . . . . .	2,87.07	2,95.13	2,94.99	2,87.85
Total expenditure . . . . .	9,86.33	10,49.42	10,62.28	10,39.16
<b>Expenditure of worked lines . . . . .</b>	<b>14.79</b>	<b>14.55</b>	<b>15.70</b>	<b>15.40</b>
		Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . . . .		74.6	75.1	75.2
Operating ratio excluding depreciation . . . . .		60.6	61.9	61.7



Appendix IX—*contd.*

## BENGAL AND ASSAM RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	35,38	35,25	38,00	40,00
3rd Class . . . . .	2,76,47	2,86,25	2,91,35	2,86,00
(ii) Other Coaching . . . . .	49,39	48,00	48,40	49,00
(b) Goods . . . . .	5,13,84	5,20,00	5,67,00	5,49,00
Total Traffic Earnings . . . . .	8,75,08	8,89,50	9,44,75	9,24,00
<b>II.—Sundry other Earnings . . . . .</b>	40,51	38,30	52,75	54,80
Gross Earnings . . . . .	9,15,59	9,27,80	9,97,50	9,78,80
<b>III.—Suspense . . . . .</b>	—43	—1,00	—2,20	—2,25
Gross Receipts . . . . .	9,15,16	9,26,80	9,95,30	9,76,55
<b>IV.—Miscellaneous Receipts—</b>				
Guarantee recoverable from Local Government for unremunerative lines . . . . .	..	1,04	1,79	63
Other Miscellaneous Receipts . . . . .	2	..	11	1
Total Revenue Receipts . . . . .	9,15,18	9,27,84	9,97,20	9,77,19
<b>Profit (+) and Loss (—) for the year . . . . .</b>	—71,15	—1,21,58	—65,08	—61,97
<b>Receipts of Worked Lines. . . . .</b>	30,26	29,80	32,30	31,55



Appendix IX—*contd.*

## BENGAL NAGPUR RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate 1942-43.
	Rs.	Rs.	Rs.	Rs.
<b>I.—Working Expenses—</b>				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . . . .	88,74	98,93	98,60	1,00,10
Maintenance and Supply of locomotive Power . . . . .	1,92,91	1,96,63	2,05,90	2,10,25
Maintenance of Carriage and Wagon Stock . . . . .	84,72	90,64	85,65	83,60
Maintenance and working of Ferry Steamers and Harbours . . . . .	7,03	8,18	7,73	7,10
Expenses of Traffic Department . . . . .	1,11,96	1,29,41	1,27,00	1,32,35
Expenses of General Departments . . . . .	43,67	46,25	47,15	48,10
Miscellaneous Expenses . . . . .	54,67	51,30	59,10	62,75
Expenses of Electrical Department . . . . .	28,07	27,59	26,40	27,30
Total . . . . .	6,11,77	6,48,93	6,57,53	6,71,55
Suspense . . . . .	2,35	—95	—2,00	—70
Total Ordinary Expenses . . . . .	6,14,12	6,47,98	6,55,53	6,70,85
(b) Appropriation to Depreciation Fund. . . . .	1,30,56	1,31,40	1,31,50	1,31,55
Total Working Expenses . . . . .	7,44,68	7,79,38	7,87,03	8,02,40
<b>II.—Miscellaneous—</b>				
Share of Surplus profits payable to railway companies and Indian States . . . . .	6,69	9,59	13,34	16,05
Net earnings payable to worked lines . . . . .	49	55	25	30
Rebate . . . . .	64	58	67	67
Land . . . . .	..	18	6	12
<b>III.—Interest—</b>				
On Government Capital at Charge . . . . .	2,88,59	2,85,83	2,87,34	2,78,89
On other capital (contributed by the company or otherwise). . . . .	24,67	24,67	24,76	24,67
Total Interest . . . . .	3,13,26	3,10,50	3,12,10	3,03,56
Total Expenditure . . . . .	10,65,76	11,00,78	11,13,45	11,23,10
Expenditure of Worked Lines . . . . .	1,66	1,80	1,85	1,75

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company: they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . . . .	61.3	60.2	62.6
Operating ratio excluding depreciation. . . . .	50.6	50.2	52.3



Appendix IX—*contd.*

## BENGAL NAGPUR RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	28,19	27,50	31,00	31,00
3rd Class . . . . .	1,51,42	1,55,00	1,70,00	1,62,00
(ii) Other Coaching . . . . .	46,70	39,00	55,60	55,00
(b) Goods . . . . .	9,68,79	9,44,00	10,30,00	10,14,00
Total Traffic Earnings . . . . .	11,95,10	11,65,50	12,86,60	12,62,00
<b>II.—Sundry other Earnings . . . . .</b>	13,92	14,80	20,50	20,30
Gross Earnings . . . . .	12,09,02	11,80,30	13,07,10	12,82,30
<b>III.—Suspense . . . . .</b>	5,61	—2,95	..	—25
Gross Receipts . . . . .	12,14,63	11,77,35	13,07,10	12,82,05
Total Receipts . . . . .	12,14,63	11,77,35	13,07,10	12,82,05
<b>Profit (+) and Loss (—) for the year . . . . .</b>	+1,48,87	+76,57	+1,93,65	+1,58,95
<b>Receipts of Worked Lines. . . . .</b>	2,15	2,35	2,10	2,05



Appendix IX—*contd.*

## BENGAL AND NORTH WESTERN RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Working Expenses—				
(a) Ordinary working Expenses—				
Maintenance of Structural Works.	26,02	27,71	27,50	27,85
Maintenance and Supply of locomotive power.	50,04	50,02	51,17	51,40
Maintenance of Carriage and Wagon Stock.	13,39	13,68	14,15	14,45
Maintenance and working of Ferry Steamers and Harbours.	7,77	8,28	7,91	8,40
Expenses of Traffic Department	34,55	36,62	36,35	37,10
Expenses of General Departments.	12,88	13,17	13,00	12,90
Miscellaneous Expenses . . .	8,85	9,05	8,00	8,25
Expenses of Electrical Department.	7,22	8,19	7,45	7,55
Total . . . . .	1,60,72	1,66,72	1,65,53	1,67,90
Suspense . . . . .	—5,36	..	3,50	..
Total Ordinary Expenses . . .	1,55,36	1,66,72	1,69,03	1,67,90
(b) Appropriation to Depreciation Fund.	17,34	17,40	17,50	17,40
Total Working Expenses . . .	1,72,70	1,84,12	1,86,53	1,85,30
II.—Miscellaneous—				
Company's share of surplus profits.	1,78	2,30	2,36	4,26
Net earnings payable to worked lines.	1,42,40	1,37,50	1,47,35	1,08,55
Miscellaneous payments . . .	27	40	6	6
Land . . . . .	1,04	2,72	4,12	3,76
III.—Interest—				
On Government Capital at Charge	28,65	28,72	28,65	60,85
On other capital (contributed by the company or otherwise).	10,71	10,71	10,75	10,57
Total Interest . . . . .	39,36	39,43	39,40	71,42
Total expenditure . . . . .	3,57,55	3,66,47	3,79,82	3,73,35
Expenditure of Worked Lines . . . . .	90,58	90,10	95,65	73,15

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . . . .	41.6	43.6	44.0
Operating ratio excluding depreciation . . . . .	37.4	39.5	39.9



Appendix IX—*contd.*

## BENGAL AND NORTH WESTERN RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Traffic earnings—				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	9,82	9,00	10,00	10,00
3rd Class . . . . .	1,48,76	1,46,00	1,54,00	1,50,00
(ii) Other Coaching . . . . .	16,12	14,00	16,75	16,00
(b) Goods . . . . .	2,26,37	2,25,00	2,34,00	2,32,00
Total Traffic Earnings . . . . .	4,01,07	3,94,00	4,14,75	4,08,00
II.—Sundry other earnings . . . . .	12,77	10,60	13,25	12,70
Gross Earnings . . . . .	4,13,84	4,04,60	4,28,00	4,20,70
III.—Suspense . . . . .	1,11	..	..	..
Gross Receipts . . . . .	4,14,95	4,04,60	4,28,00	4,20,70
IV.—Miscellaneous Receipts—				
Other Miscellaneous Receipts . . . . .	16	22	14	7
Total Revenue Receipts . . . . .	4,15,11	4,04,82	4,28,14	4,20,77
Profit (+) and Loss (—) for the year . . . . .	+ 57,56	+ 38,35	+ 48,32	+ 47,42
Receipts of Worked Lines. . . . .	2,32,98	2,27,60	2,43,00	1,81,70



Appendix IX—*contd.*

## BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>II.—Working Expenses—</b>				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . .	74,09	85,62	1,27,04	83,30
Maintenance and Supply of locomotive Power.	2,17,64	2,14,49	2,14,20	2,15,65
Maintenance of Carriage and Wagon Stock.	73,71	78,01	73,65	73,55
Expenses of Traffic Department . . .	1,11,13	1,18,60	1,15,85	1,15,30
Expenses of General Departments . . .	49,36	50,08	51,70	48,55
Miscellaneous Expenses . . . . .	54,05	49,40	54,41	55,25
Expenses of Electrical Department . . .	59,07	59,71	58,10	57,85
Total . . . . .	6,39,05	6,55,91	6,94,95	6,49,45
Suspense . . . . .	1,93	3,60	14	12
Total Ordinary Expenses . . . . .	6,40,98	6,59,51	6,95,09	6,49,57
(b) Appropriation to Depreciation Fund . . .	1,24,35	1,24,90	1,24,40	1,23,45
Total Working Expenses . . . . .	7,65,33	7,84,41	8,19,49	7,73,02
<b>III.—Miscellaneous—</b>				
Company's share of surplus profits . . .	21,66	34,10	42,95	10,31
Net earnings payable to worked lines . . .	33,54	28,60	32,25	14,45
Rebate . . . . .	1,88	2,76	2,95	2,63
<b>III.—Interest—</b>				
On Government Capital at Charge . . .	2,52,90	2,58,85	2,56,64	2,65,25
On other capital (contributed by the company or otherwise).	13,47	13,27	13,31	..
Total interest . . . . .	2,66,37	2,72,12	2,69,95	2,65,25
Total expenditure . . . . .	10,88,78	11,21,99	11,67,59	10,65,66
Expenditure of Worked Lines . . . . .	38,36	39,40	39,55	22,30

NOTE.—The figures relating to depreciation in this statement and in other parts of the estimates do not concern the company; they are required for Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . .	51.7	51.5	49.7
Operating ratio excluding depreciation . . .	43.3	43.7	41.7



Appendix IX—*contd.*

## BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	42,97	41,00	47,00	46,00
3rd Class . . . . .	3,97,61	3,92,00	4,21,00	4,02,00
(ii) Other Coaching . . . . .	96,35	79,00	1,18,30	1,17,00
(b) Goods . . . . .	9,19,72	8,68,00	9,79,00	9,66,00
Total Traffic Earnings . . . . .	14,56,65	13,80,00	15,65,30	15,31,00
<b>II.—Sundry other Earnings . . . . .</b>	23,98	21,00	26,50	25,75
Gross Earnings . . . . .	14,80,63	14,01,00	15,91,80	15,56,75
<b>III.—Suspense . . . . .</b>	—46	..	..	..
Gross Receipts . . . . .	14,80,17	14,01,00	15,91,80	15,56,75
Total Revenue Receipts . . . . .	14,80,17	14,01,00	15,91,80	15,56,75
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Profit (+) and Loss (—) for the year . . . . .	+ 3,91,39	+ 2,79,01	+ 4,24,21	+ 4,91,09
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Receipts of Worked Lines . . . . .	71,90	68,00	71,80	36,75
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Appendix IX—*contd.*

## BEZWADA EXTENSION.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Working Expenses—				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . .	84	80	67	73
Maintenance and Supply of Locomotive Power	1,54	1,47	1,41	1,56
Maintenance of Carriage and Wagon Stock .	1,00	97	85	94
Expenses of Traffic Department . . .	1,34	1,25	1,08	1,20
Expenses of General Departments . . .	60	59	47	52
Miscellaneous Expenses . . . . .	39	35	29	32
Expenses of Electrical Department . . .	16	17	13	14
Total . . . . .	5,87	5,60	4,90	5,41
Suspense . . . . .	..	..	..	..
Total Ordinary Expenses . . . . .	5,87	5,60	4,90	5,41
(b) Appropriation to Depreciation Fund . .	30	30	30	30
Total Working Expenses . . . . .	6,17	5,90	5,20	5,71
II.—Miscellaneous—				
Land . . . . .	..	2	1	—18
III.—Interest—				
On Government Capital at Charge . . .	66	65	65	64
Total interest . . . . .	66	65	65	64
Total expenditure . . . . .	6,83	6,57	5,86	6,17

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . .	55.4	45.2	53.1
Operating ratio excluding depreciation . . .	52.7	42.6	50.3



Appendix IX—*contd.*

## BEZWADA EXTENSION.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Traffic Earnings—				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	11	10	20	15
3rd Class . . . . .	1,50	1,50	1,64	1,50
(ii) Other Coaching . . . . .	61	60	90	70
(b) Goods . . . . .	8,84	8,90	8,70	8,35
Total Traffic Earnings . . . . .	11,06	11,10	11,44	10,70
II.—Sundry other earnings . . . . .	8	5	6	5
Gross Earnings . . . . .	11,14	11,15	11,50	10,75
III.—Suspense . . . . .	..	..	..	..
Gross Receipts . . . . .	11,14	11,15	11,50	10,75
Total Revenue Receipts . . . . .	11,14	11,15	11,50	10,75
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Profit (+) and Loss (—) for the year . . . . .	+ 4,21	+ 4,58	+ 5,64	+ 4,58



Appendix IX—*contd.*

## DHONE KURNOOL RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Budget Accounts, 1940-41.	Revised Estimate, 1941-42.	Budget Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Working Expenses—</b>				
<i>(a) Ordinary Working Expenses—</i>				
Maintenance of Structural Works . . .	38	42	48	42
Maintenance and Supply of Locomotive Power	59	59	72	64
Maintenance of Carriage and Wagon Stock .	16	16	18	16
Expenses of Traffic Department . . .	47	46	57	50
Expenses of General Departments . . .	26	27	30	27
Miscellaneous Expenses . . . . .	16	15	18	16
Expenses of Electrical Department . . .	10	9	12	11
Total . . . . .	2,12	2,14	2,55	2,26
Suspense . . . . .	..	..	..	..
Total Ordinary Expenses . . . . .	2,12	2,14	2,55	2,26
<i>(b) Appropriation to Depreciation Fund .</i>	47	47	47	47
Total Working Expenses . . . . .	2,59	2,61	3,02	2,73
<b>II.—Miscellaneous.</b>				
<b>III.—Interest—</b>				
On Government Capital at Charge . . .	1,12	1,11	1,12	1,08
Total interest . . . . .	1,12	1,11	1,12	1,08
Total expenditure . . . . .	3,71	3,72	4,14	3,81

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company, they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . .	67.3	63.6	64.2
Operating ratio excluding depreciation . . .	55.1	53.7	53.2



Appendix IX—*contd.*

## DHONE KURNOOL RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Traffic Earnings—				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	8	8	10	10
3rd Class . . . . .	95	92	1,06	1,00
(ii) Other Coaching . . . . .	27	25	35	30
(b) Goods . . . . .	2,51	2,55	3,20	2,80
Total Traffic Earnings . . . . .	3,81	3,80	4,71	4,20
II.—Sundry other Earnings . . . . .	4	5	4	5
Gross Earnings . . . . .	3,85	3,85	4,75	4,25
III.—Suspense . . . . .	..	..	..	..
Gross Receipts . . . . .	3,85	3,85	4,75	4,25
Total Revenue Receipts . . . . .	3,85	3,85	4,75	4,25
Profit (+) and Loss (—) for the year . . . . .	+ 14	+ 13	+ 61	+ 44



Appendix IX—*contd.*

## EAST INDIAN RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Working Expenses—</b>				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works	1,49,57	1,59,21	3,35,26	1,78,80
Maintenance and Supply of loco- motive Power	3,57,76	3,60,64	3,55,50	3,67,65
Maintenance of Carriage and Wagon Stock	1,33,42	1,37,71	1,38,80	1,42,00
Maintenance and working of Ferry Steamers and Harbours	2,48	2,12	2,22	2,17
Expenses of Traffic Department	2,23,15	2,40,27	2,29,30	2,32,75
Expenses of General Departments	77,28	74,91	82,55	84,05
Miscellaneous Expenses	93,14	95,70	1,02,55	91,90
Expenses of Electrical Department	63,11	56,21	54,60	55,35
Total	10,99,91	11,26,77	13,00,78	11,54,67
Suspense	—6,00	18,65	26,75	—75
Total Ordinary Expenses	10,93,91	11,45,42	13,27,53	11,53,92
(b) Appropriation to Depreciation Fund	2,49,30	2,50,50	2,50,90	2,48,10
Total Working Expenses	13,43,21	13,95,92	15,78,43	14,02,02
<b>II.—Miscellaneous—</b>				
Land	—15	..	..	..
<b>III.—Interest—</b>				
On Government Capital at Charge	5,82,35	5,79,83	5,77,20	5,63,69
On other Capital (contributed by the Company or otherwise)	33	..	..	..
Total interest	5,82,68	5,79,83	5,77,20	5,63,69
Total expenditure	19,25,74	19,75,75	21,55,63	19,65,71

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	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation	55.1	58.5	53.1
Operating ratio excluding depreciation	44.9	49.2	43.8



Appendix IX—*contd.*

## EAST INDIAN RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper classes . . . . .	79,70	72,00	89,00	87,00
3rd Class . . . . .	5,01,73	5,02,00	5,25,00	5,23,00
(ii) Other Coaching . . . . .	1,01,39	87,50	1,22,00	1,20,00
(b) Goods . . . . .	17,03,12	16,63,00	18,90,00	18,60,00
Total Traffic Earnings . . . . .	23,85,94	23,24,50	26,26,00	25,90,00
<b>II.—Sundry other Earnings . . . . .</b>	55,80	51,40	59,50	53,70
Cross Earnings . . . . .	24,41,74	23,75,90	26,85,50	26,43,70
<b>III.—Suspense . . . . .</b>	—6,23	—90	11,50	—5,70
Gross Receipts . . . . .	24,35,51	23,75,00	26,97,00	26,38,00
<b>IV.—Miscellaneous Receipts—</b>				
Other Miscellaneous Receipts . . . . .	2,45	1,55	1,92	1,50
Total Revenue Receipts . . . . .	24,37,96	23,76,55	26,98,92	26,39,50
Profit (+) and Loss (—) for the year . . . . .	+ 5,12,22	+ 4,00,80	+ 5,43,29	+ 6,73,79



Appendix IX—*contd.*

## GREAT INDIAN PENINSULA RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Working Expenses—</b>				
<b>(a) Ordinary Working Expenses—</b>				
Maintenance of Structural Works . . . . .	96,17	1,05,53	1,75,95	1,13,80
Maintenance and Supply of locomotive Power . . . . .	2,33,01	2,47,59	2,81,40	2,95,50
Maintenance of Carriage and Wagon Stock . . . . .	74,17	85,00	81,25	85,85
Expenses of Traffic Department . . . . .	1,50,25	1,50,12	1,84,65	1,85,75
Expenses of General Departments . . . . .	44,44	45,35	48,10	48,15
Miscellaneous Expenses . . . . .	59,13	56,75	62,10	65,25
Expenses of Electrical Department . . . . .	87,80	97,35	94,80	97,70
Total . . . . .	7,44,97	7,87,69	9,28,25	8,92,00
Suspense . . . . .	—1,24	—40	—1,52	1,20
Total Ordinary Expenses . . . . .	7,43,73	7,87,29	9,26,73	8,93,20
<b>(b) Appropriation to Depreciation Fund . . . . .</b>	1,90,35	1,88,50	1,88,20	1,88,05
Total Working Expenses . . . . .	9,34,08	9,75,79	11,14,93	10,81,25
<b>II.—Miscellaneous —</b>				
Net earnings payable to worked lines . . . . .	36,34	37,00	38,60	38,55
Rebate . . . . .	1,46	1,02	1,45	1,68
Lands . . . . .	.	..	1	2
<b>III.—Interest—</b>				
On Government Capital at Charge . . . . .	4,00,36	3,95,59	3,95,40	3,89,40
Total interest . . . . .	4,00,36	3,95,59	3,95,40	3,89,40
Total expenditure . . . . .	13,72,24	14,09,40	15,50,39	15,10,90
<b>Expenditure of Worked Lines . . . . .</b>	34,40	36,60	34,25	34,20
	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.	
Operating ratio including depreciation . . . . .	54.1	51.6	50.9	
Operating ratio excluding depreciation . . . . .	43.1	42.9	42.0	



Appendix IX—*contd.*

## GREAT INDIAN PENINSULA RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Traffic Earnings—				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	55,41	49,00	76,00	75,00
3rd Class . . . . .	3,34,07	3,27,00	3,86,00	3,80,00
(ii) Other Coaching . . . . .	1,92,02	1,80,00	2,74,85	2,69,00
(b) Goods . . . . .	11,30,73	10,60,00	13,61,00	13,39,00
Total Traffic Earnings . . . . .	17,12,23	16,16,00	20,97,85	20,63,00
II.—Sundry other Earnings . . . . .	34,33	32,60	63,00	61,75
Gross Earnings . . . . .	17,46,56	16,48,60	21,60,85	21,24,75
III.—Suspense . . . . .	—19,90	..	..	..
Gross Receipts . . . . .	17,26,66	16,48,60	21,60,85	21,24,75
IV.—Miscellaneous Receipts—				
Other Miscellaneous Receipts . . . . .	3	..	8	6
Total Revenue Receipts . . . . .	17,26,60	16,48,60	21,60,93	21,24,81
Profit (+) and Loss (—) for the year . . . . .	+ 3,54,45	+ 2,39,20	+ 6,10,54	+ 6,13,91
Receipts of Worked Lines . . . . .	70,74	73,60	72,85	72,75



Appendix IX—*contd.*

## JODHPUR RAILWAY

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I. Working Expenses—</b>				
<b>(a) Ordinary Working Expenses—</b>				
Maintenance of Structural Works . . . . .	3,61	4,12	4,30	4,05
Maintenance and Supply of Loco- motive Power . . . . .	6,98	6,70	8,05	7,60
Maintenance of Carriage and Wagon Stock . . . . .	1,91	1,90	2,15	2,30
Expenses of Traffic Department . . . . .	3,25	3,60	3,60	3,70
Expenses of General Depart- ments . . . . .	1,52	1,51	1,63	1,72
Miscellaneous Expenses . . . . .	4,44	4,62	4,97	4,92
Expenses of Electrical Department . . . . .	1,07	90	90	95
Total . . . . .	22,78	23,35	25,60	25,24
Suspense . . . . .	—23	15	13	13
Total Ordinary Expenses . . . . .	22,55	23,50	25,73	25,37
<b>(b) Appropriation to Depreciation         Fund . . . . .</b>	2,22	2,23	2,23	2,23
Total Working Expenses . . . . .	24,77	25,73	27,96	27,60
<b>II. Miscellaneous—</b>				
Net earnings payable to worked lines . . . . .	1,32	1,30	1,50	1,05
Surveys . . . . .	—3	..	..	..
Land . . . . .	..	1	..	1
<b>III. Interest—</b>				
On Government capital at charge . . . . .	5,40	5,35	5,38	5,43
Total interest . . . . .	5,40	5,35	5,38	5,43
Total Expenditure . . . . .	31,46	32,39	34,84	34,09
Expenditure of Worked Lines . . . . .	1,99	1,90	2,25	1,65

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . . . .	51.1	49.5	49.5
Operating ratio excluding depreciation . . . . .	46.5	45.5	45.5



Appendix IX—*contd.*

## JODHPUR RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I. Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
• Upper Classes . . . . .	2,01	1,77	2,20	2,25
3rd Class . . . . .	15,49	14,38	17,65	18,50
(ii) Other Coaching . . . . .	2,02	1,50	2,20	2,25
(b) Goods . . . . .	26,88	26,00	31,85	32,60
Total Traffic Earnings . . . . .	46,40	43,65	53,90	55,60
<b>II. Sundry other Earnings . . . . .</b>	56	60	75	75
Gross Earnings . . . . .	46,96	44,25	54,65	56,35
<b>III. Suspense . . . . .</b>	1,49	—5	1,85	—65
Gross Receipts . . . . .	48,45	44,20	56,50	55,70
Total Revenue Receipts . . . . .	48,45	44,20	56,50	55,70
Profit (+) and Loss (—) for the year . . . . .	+ 16,99	+ 11,81	+ 21,66	+ 21,61
Receipts of Worked Lines . . . . .	3,31	3,20	3,75	2,70



Appendix IX—*contd.*

## MADRAS AND SOUTHERN MAHRATTA RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
I.—Working Expenses—				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . .	54,99	55,44	57,65	57,35
Maintenance and Supply of Locomotive Power . . . . .	1,55,98	1,60,05	1,73,95	1,74,10
Maintenance of Carriage and Wagon Stock .	34,23	37,42	34,15	36,20
Expenses of Traffic Department . . .	62,36	69,15	69,80	70,30
Expenses of General Departments . . .	31,13	31,66	33,40	33,30
Miscellaneous Expenses . . . . .	35,19	33,85	38,30	39,40
Expenses of Electrical Department . . .	20,40	19,75	18,60	18,75
Total . . . . .	3,94,28	4,07,32	4,25,85	4,29,40
Suspense . . . . .	—1,51	1,35	3,70	1,40
Total Ordinary Expenses . . . . .	3,92,77	4,08,67	4,29,55	4,30,80
(b) Appropriation to Depreciation Fund . .	89,43	89,75	89,60	89,75
Total Working Expenses . . . . .	4,82,20	4,98,42	5,19,15	5,20,55
II.—Miscellaneous—				
Company's share of surplus profits . . .	11,92	11,93	14,07	14,91
Net earnings payable to worked lines . .	11,16	10,15	12,80	9,50
I. I.—Interest—				
On Government capital at charge . . .	1,97,86	1,96,38	1,96,86	1,92,35
On other capital (contributed by the Company or otherwise) . . . . .	23,33	23,33	23,41	23,33
Total Interest . . . . .	2,21,19	2,19,71	2,20,27	2,15,68
Total Expenditure . . . . .	7,26,47	7,40,21	7,66,29	7,60,64
Expenditure of Worked Lines . . . . .	12,72	12,85	14,60	15,00

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . .	57.6	54.2	55.7
Operating ratio excluding depreciation . . .	46.9	44.9	46.1



Appendix IX—*contd.*

## MADRAS AND SOUTHERN MAHRATTA RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper Classes . . . . .	27,28	24,80	34,00	33,00
3rd Class . . . . .	1,92,74	1,93,20	2,19,55	2,10,00
(ii) Other Coaching . . . . .	55,28	48,50	64,00	60,00
(b) Goods . . . . .	5,48,61	5,39,50	6,25,00	6,16,00
Total Traffic Earnings . . . . .	8,23,91	8,06,00	9,42,55	9,19,00
<b>II.—Sundry Earnings . . . . .</b>	13,25	12,00	16,00	15,50
Gross Earnings . . . . .	8,37,16	8,18,00	9,58,55	9,34,50
<b>III.—Suspense . . . . .</b>	70	..	— 1,15	..
Gross Receipts . . . . .	8,37,86	8,18,00	9,57,40	9,34,50
<b>IV.—Miscellaneous Receipts . . . . .</b>	..	..	..	..
Total Revenue Receipts . . . . .	8,37,86	8,18,00	9,57,40	9,34,50
<b>Profit (+) and Loss (—) for the year . . . . .</b>	+ 1,11,39	+ 77,79	+ 1,01,11	+ 1,73,86
<b>Receipts of Worked Lines . . . . .</b>	23,88	23,00	27,40	24,50



Appendix IX—*contd.*

## NORTH WESTERN RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I. Working Expenses—</b>				
(a) Ordinary Working Expenses--				
Maintenance of Structural Works . . . . .	1,21,91	1,47,72	1,90,30	1,54,45
Maintenance and Supply of Locomotive Power . . . .	3,87,60	3,83,79	4,19,60	4,16,20
Maintenance of Carriage and Wagon Stock . . . . .	1,19,11	1,27,01	1,08,65	1,05,70
Expenses of Traffic Depart- ment . . . . .	1,56,73	1,69,78	1,55,55	1,55,70
Expenses of General Depart- ments . . . . .	81,72	86,07	85,45	87,35
Miscellaneous Expenses . . .	73,21	73,50	79,85	83,55
Expenses of Electrical Department	50,15	54,74	49,90	48,00
Total . . . . .	9,90,43	10,42,61	10,89,30	10,50,95
Suspense . . . . .	2,96	—30	—2,15	..
Total Ordinary Expenses . .	9,93,39	10,42,31	10,87,15	10,50,95
(b) Appropriation to Depreciation Fund . . . . .	2,47,42	2,46,10	2,46,50	2,45,95
Total Working Expenses . . .	12,40,81	12,88,41	13,33,65	12,96,90
<b>II. Miscellaneous—</b>				
Net earnings payable to worked lines . . . . .	27,75	26,00	30,50	30,05
Rebate . . . . .	1,11	1,59	63	63
Surveys . . . . .	—1,82	..	—2,20	..
<b>III. Interest—</b>				
On Government Capital at Charge .	5,61,55	5,54,46	5,57,69	5,45,32
Total Interest . . . . .	5,61,55	5,54,46	5,57,69	5,45,32
Total Expenditure . . . . .	18,29,40	18,70,46	19,20,27	18,72,95
Expenditure of Worked Lines . .	30,94	29,65	32,75	32,35
	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.	
Operating ratio including depreciation . . . . .	63.3	58.6	58.0	
Operating ratio excluding depreciation . . . . .	50.7	47.7	47.0	



Appendix IX—*contd.*

## NORTH WESTERN RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I. Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper classes . . . . .	71,46	69,00	1,01,00	98,00
3rd Class . . . . .	4,93,21	4,81,00	6,50,00	6,42,00
(ii) Other Coaching . . . . .	1,42,45	1,35,00	2,19,65	2,14,00
(b) Goods . . . . .	12,17,39	11,51,00	12,61,00	12,40,00
<b>Total Traffic Earnings . . . . .</b>	<b>19,24,51</b>	<b>18,36,00</b>	<b>22,31,65</b>	<b>21,94,00</b>
<b>II. Sundry Other Earnings . . . . .</b>	<b>42,40</b>	<b>30,75</b>	<b>46,75</b>	<b>41,55</b>
<b>Gross Earnings . . . . .</b>	<b>19,66,91</b>	<b>18,66,75</b>	<b>22,78,40</b>	<b>22,35,55</b>
<b>III. Suspense . . . . .</b>	<b>—6,18</b>	<b>3,90</b>	<b>—1,15</b>	<b>—1,15</b>
<b>Gross Receipts . . . . .</b>	<b>19,60,73</b>	<b>18,70,65</b>	<b>22,77,25</b>	<b>22,34,40</b>
<b>IV. Miscellaneous Receipts—</b>				
Guarantee recoverable from Local Government for unremunerative lines . . . . .	6,20	6,20	5,31	2,10
Other Miscellaneous Receipts . . . . .	45	33	87	85
<b>Total Revenue Receipts . . . . .</b>	<b>19,67,38</b>	<b>18,77,18</b>	<b>22,83,43</b>	<b>22,37,35</b>
<b>Profit (+) and Loss (—) for the year . . . . .</b>	<b>+ 1,37,98</b>	<b>+ 6,72</b>	<b>+ 3,63,16</b>	<b>+ 3,64,40</b>
<b>Receipts of Worked Lines . . . . .</b>	<b>58,69</b>	<b>55,65</b>	<b>63,25</b>	<b>62,40</b>



Appendix IX—*contd.*

## ROHILKUND AND KUMAON RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>Working Expenses—</b>				
<b>I.—(a) Ordinary Working Expenses—</b>				
Maintenance of Structural Works	6,08	6,43	6,40	6,60
Maintenance and Supply of Loco- motive Power	13,60	13,17	14,15	13,25
Maintenance of Carriage and Wagon Stock	2,90	3,16	3,22	3,10
Expenses of Traffic Department	7,14	7,11	6,65	7,15
Expenses of General Depart- ments	3,69	3,92	4,10	3,95
Miscellaneous Expenses	1,87	1,68	1,65	1,74
Expenses of Electrical Department	63	77	1,15	1,20
Total	35,91	36,24	37,32	36,99
Suspense	—81	..	75	..
Total Ordinary Expenses	35,10	36,24	38,07	36,99
(b) Appropriation to Depreciation Fund	4,46	4,50	4,50	4,50
Total Working Expenses	39,56	40,74	42,57	41,49
<b>II.—Miscellaneous—</b>				
Company's share of surplus profits	2,20	2,20	2,49	3,15
Net earnings payable to worked lines	24,93	24,00	24,65	18,20
Other Miscellaneous	10	10	10	10
Land	..	3	1	3
<b>III.—Interest—</b>				
On Government Capital at Charge	7,53	7,57	7,53	13,17
On other capital (contributed by the company or otherwise)	2,17	2,17	2,18	2,26
Total Interest	9,70	9,74	9,71	15,43
Total Expenditure	76,49	76,81	79,53	78,40
<b>Expenditure of Worked Lines</b>	15,32	15,30	16,10	11,80

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation	41.8	44.0	43.2
Operating ratio excluding depreciation	37.1	39.3	38.6



Appendix IX—*contd.*

## ROHILKUND AND KUMAON RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper classes . . . . .	2,45	2,30	3,00	3,00
3rd class . . . . .	29,25	28,50	29,10	29,00
(ii) Other Coaching . . . . .	4,07	3,65	4,25	4,25
(b) Goods . . . . .	53,90	51,55	56,00	55,50
Total Traffic Earnings . . . . .	89,67	86,00	92,35	91,75
<b>II.—Sundry Earnings . . . . .</b>	<b>4,29</b>	<b>3,30</b>	<b>4,40</b>	<b>4,25</b>
Gross Earnings . . . . .	93,96	89,30	96,75	96,00
<b>III.—Suspense . . . . .</b>	<b>77</b>	<b>..</b>	<b>..</b>	<b>..</b>
Gross Receipts . . . . .	94,73	89,30	96,75	96,00
<b>IV.—Miscellaneous Receipts—</b>				
Other Miscellaneous Receipts . . . . .	73	1,65	2,22	1,47
Total Revenue Receipts . . . . .	95,46	90,95	98,97	97,47
Profit (+) and Loss (—) for the year . . . . .	+18,97	+14,14	+19,44	+19,07
Receipts of Worked Lines . . . . .	40,25	39,30	40,75	30,00



Appendix IX—*contd.*

## SOUTH INDIAN RAILWAY.

*Statement of Revenue Expenditure.*

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Working Expenses—</b>				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works . . . . .	43,49	48,18	51,85	50,30
Maintenance and Supply of Locomotive Power . . . . .	1,17,06	1,22,83	1,28,85	1,38,70
Maintenance of Carriage and Wagon Stock . . . . .	17,15	18,02	18,60	20,90
Maintenance and working of Ferry Steamers and Harbours . . . . .	3,61	4,27	4,73	4,70
Expenses of Traffic Department . . . . .	52,66	56,29	60,10	61,00
Expenses of General Departments . . . . .	24,78	25,07	27,47	27,91
Miscellaneous Expenses . . . . .	28,89	28,50	29,10	29,11
Expenses of Electrical Department . . . . .	19,52	20,01	19,80	20,10
<b>Total</b> . . . . .	<b>3,07,16</b>	<b>3,23,17</b>	<b>3,40,50</b>	<b>3,52,72</b>
Suspense . . . . .	13	..	—80	10
<b>Total Ordinary Expenses</b> . . . . .	<b>3,07,29</b>	<b>3,23,17</b>	<b>3,39,70</b>	<b>3,52,82</b>
(b) Appropriation to Depreciation Fund . . . . .	77,45	77,60	77,70	77,20
<b>Total Working Expenses</b> . . . . .	<b>3,84,74</b>	<b>4,00,77</b>	<b>4,17,40</b>	<b>4,30,02</b>
<b>II.—Miscellaneous—</b>				
Company's share of surplus profits . . . . .	5,26	10,94	13,17	19,52
Net earnings payable to worked lines . . . . .	9,49	10,25	12,50	10,70
Surveys . . . . .	—2	..	..	..
Land . . . . .	..	..	..	1
<b>III.—Interest—</b>				
On Government Capital at Charge . . . . .	1,49,53	1,47,45	1,47,88	1,42,03
On other capital (contributed by the com- pany or otherwise) . . . . .	17,03	17,03	17,09	17,03
<b>Total Interest</b> . . . . .	<b>1,66,56</b>	<b>1,64,48</b>	<b>1,64,97</b>	<b>1,59,06</b>
<b>Total Expenditure</b> . . . . .	<b>5,66,03</b>	<b>5,86,44</b>	<b>6,08,04</b>	<b>6,19,31</b>
<b>Expenditure of Worked Lines</b> . . . . .	<b>19,77</b>	<b>20,25</b>	<b>20,30</b>	<b>21,90</b>

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1940-41.	Revised, 1941-42.	Budget, 1942-43.
Operating ratio including depreciation . . . . .	62.7	59.1	62.1
Operating ratio excluding depreciation . . . . .	50.0	48.1	50.9



## Appendix IX—concl'd.

## SOUTH INDIAN RAILWAY.

*Statement of Revenue Receipts.*

(Figures in thousands of rupees.)

Receipts.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>I.—Traffic Earnings—</b>				
(a) Coaching—				
(i) Passengers—				
Upper classes . . . . .	17,26	15,20	20,50	19,50
Third class . . . . .	1,96,88	1,96,25	2,32,65	2,30,00
(ii) Other Coaching . . . . .	29,21	28,00	32,75	32,50
(b) Goods— . . . . .	3,56,26	3,53,50	4,03,25	3,94,75
Total Traffic Earnings . . . . .	5,99,61	5,92,95	6,89,15	6,76,75
<b>II.—Sundry Earnings . . . . .</b>	14,94	14,55	16,50	15,85
Gross Earnings . . . . .	6,14,55	6,07,50	7,05,65	6,92,60
<b>III.—Suspense . . . . .</b>	—57	..	15	..
Gross Receipts . . . . .	6,13,98	6,07,50	7,05,80	6,92,60
<b>IV.—Miscellaneous Receipts—</b>				
Guarantee recoverable from Local Government for unremunerative lines . . . . .	2,77	1,46	76	88
Other Miscellaneous Receipts . . . . .	44	10	5	8
Total Revenue Receipts . . . . .	6,17,19	6,09,06	7,06,61	6,93,56
<b>Profit (+) and Loss (—) for the year . . . . .</b>	+ 51,16	+ 22,62	+ 98,57	+ 74,25
Receipts of Worked Lines . . . . .	29,26	30,50	32,80	32,60



## APPENDIX X.

*Summary of results of working of all state-owned railways.*

(In lakhs of rupees.)

Particulars.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Gross traffic receipts . . . . .	1,11,94	1,08,25	1,27,00	1,25,50
Miscellaneous receipts . . . . .	2,02	2,24	2,57	2,97
Total receipts . . . . .	<u>1,13,06</u>	<u>1,10,49</u>	<u>1,29,57</u>	<u>1,28,47</u>
Ordinary working expenses . . . . .	53,01	55,92	60,45	58,13
Depreciation . . . . .	12,64	12,68	12,68	12,63
Miscellaneous expenditure . . . . .	1,17	1,46	1,63	1,41
Interest charges . . . . .	28,68	28,60	28,61	28,35
Total expenditure . . . . .	<u>95,50</u>	<u>98,66</u>	<u>1,03,37</u>	<u>1,00,52</u>
Surplus . . . . .	18,46	11,83	26,20	27,95



## APPENDIX XI.

*Estimated contribution from Railway to General Revenues in 1943-44.*

(Based on the figures of Commercial lines for 1941-42.)

	In lakhs.
Capital at charge at end of 1940-41 . . . . .	6,98,27
Capital Expenditure during 1941-42 . . . . .	3,92
Capital at charge at end of 1941-42 . . . . .	7,02,19
1 per cent. of capital at charge . . . . .	7,02

*Receipts.*

Gross receipts . . . . .	1,30,70
Subsidised Company's share of surplus profits, etc. . . . .	13
Interest on Depreciation Fund . . . . .	1,75
Interest on Reserve Fund . . . . .	28
Dividends on investments, etc. . . . .	18
Miscellaneous Receipts . . . . .	10
	<u>1,33,14</u>

*Charges.*

Working Expenses (including depreciation) . . . . .	73,78
Payments to worked lines (including rebate) . . . . .	3,23
Railway Company's share of surplus profits . . . . .	90
Interest on Capital at charge . . . . .	20,36
Interest on Capital contributed by Companies . . . . .	98
Land and Subsidy . . . . .	10
Miscellaneous Expenditure . . . . .	58
Contribution at 1 per cent. . . . .	7,02
	<u>1,12,95</u>
Surplus . . . . .	20,19
1/5th of surplus . . . . .	4,04

Total contribution from railway revenues . . . . .	7,02
	<u>4,04</u>
	11,06
<i>Deduct—</i>	
Approximate loss on strategic lines . . . . .	1,44
Net payment due from railway to general revenues . . . . .	<u>9,62</u>



## APPENDIX XII.

*Estimated contribution from Railways to General Revenues in 1944-45.*

(Based on the figures of Commercial lines for 1942-43.)

	In lakhs.
Capital at charge at end of 1941-42 . . . . .	7,02,19
Capital expenditure during 1942-43 . . . . .	24,08
	<u>7,26,27</u>
1 per cent. of capital at charge . . . . .	7,26

*Receipts.*

Gross Receipts . . . . .	1,26,82	
Subsidised Company's share of surplus profits . . . . .	8	
Interest on Depreciation Fund . . . . .	2,22	
Interest on Reserve Fund . . . . .	28	
Dividends, etc. . . . .	17	
Miscellaneous Receipts . . . . .	8	
	<u>1,29,65</u>	

*Charges.*

Working Expenses (including Depreciation) . . . . .	70,97	
Payments to worked lines (including rebate) . . . . .	2,54	
Railway Company's share of surplus profits . . . . .	68	
Interest on capital at charge . . . . .	26,34	
Interest on capital contributed by Companies . . . . .	78	
Land and Subsidy . . . . .	9	
Miscellaneous Expenditure . . . . .	57	
Contribution at 1 per cent. . . . .	7,26	
	<u>1,69,23</u>	
Surplus . . . . .	20,42	
Contribution at 1/5th of surplus . . . . .	4,08	
	<u>7,26</u>	
	<u>4,08</u>	
	<u>11,34</u>	
Total contribution from Railway Revenues . . . . .	7,26	
	<u>4,08</u>	
	<u>11,34</u>	
<i>Deduct—</i>		
Approximate loss on strategic lines . . . . .	15	
Net payment due from railway to general revenues . . . . .	<u>11,19</u>	



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**PART II.**  
**General Budget.**

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## **Speech by the Honourable the Finance Member on introducing the Budget proposals for 1942-43.**

The year which has elapsed since I presented my last budget has been crowded with momentous happenings, as the struggle against armed aggression spread to every continent and developed the full proportions of a world war. The year has witnessed, both for good and for evil, the intensified pressure of the forces resulting directly from the war situation upon the economic structure of the country. The demands now being made upon her comprehend to the fullest possible extent the industrial possibilities of India. On a broad front—very much broader than some critics are willing to admit—a great advance has been made. I shall, in my speech today, only touch on the major features of that advance, for much has already been done to acquaint the people of India with the really striking achievements of Indian industry. The pressure upon the available industrial resources has been aggravated by the demands for Indian textile and other manufactured products from overseas areas which have been cut off from their former sources of supply. Inside India itself, the expansion of the national income due to the war is resulting in an increasing volume of demand which it is at times difficult to satisfy, in face of the inevitable diversion of capital resources and of trained labour towards the sustenance of the war effort.

2. So far as agriculture and raw materials are concerned, the situation can most easily be judged in the light of the course of prices. Over the greater part of the fiscal year, the price-level has been rising sharply and indeed, the wide spread demand for the control of prices is a confirmation of the strain which increased purchasing power in the hands of consumers, on the one hand, and the diversion of resources to the war effort, on the other hand, is imposing upon the economy of India. The full utilisation of the country's productive powers which incidentally, are becoming increasingly diversified has its counterpart in growing incomes and increased opportunities for employment. That is the favourable aspect of the war on the economic side. The growing shortages, the necessity for doing without, the sacrifices which all classes of the community are now called upon to undergo—these, which are the inevitable consequences of the immense wastages which modern wars involve—are the less welcome aspects of the economic situation. On the whole, however, this country has been fortunate: the balance has so far been greatly to her advantage. I shall have occasion, at a later stage of my speech, to refer more fully to the technical aspects of the latest scheme for the repatriation of debt. But it is a remarkable fact that the demands now made on the economy of India are of a sufficient order of magnitude to make possible the retirement of virtually the whole of her external debt. The mere fact that this has been possible shows that our overseas trade, in spite of all the obstacles presented by the shortage of shipping, has been amply maintained, and indeed, the acceleration of the rearmament programme in America, even before Japan's treacherous attack drew that country into the war, enabled us largely to neutralize the effects of the freezing-orders which we, in common with the rest of the Empire and the United States, adopted as a form of economic pressure in the summer of last year.



3. It is of course obvious to everyone that the deterioration of the immediate position in the Eastern theatre of war must be a cause of anxiety, and that until it is rectified it will inevitably react on the economic situation. Certain of our old and new export markets are the scenes of actual hostilities : communications by sea have become more difficult, and the strain upon transport facilities within India itself, which is already very great, may become still more intensified. A temporary loss of confidence may check enterprise and may, to a certain extent, interfere with the high level of productivity previously attained. Nevertheless it requires no undue optimism to realize that the complete mobilization of the mighty resources of America and of the British Commonwealth, and the vast manpower of our heroic Chinese allies, must in time avail to hold the Japanese aggressor, and when the tide turns, as inevitably it will, there will be a powerful return of confidence which will again reinforce the tendencies making for a still further expansion of our economic activity.

#### FINANCIAL YEAR, 1940-41

4. I will now deal briefly with the results of the financial year 1940-41. In our revised estimates last February we expected to end the year with a deficit of Rs. 8,42 lakhs. The actual deficit turned out to be only Rs. 6,53 lakhs. For though expenditure, mainly on account of Defence, was Rs. 2,05 lakhs higher than we expected, revenue improved by no less than Rs. 3,94 lakhs. More than Rs. 2 crores of this was on account of the larger contribution made by the Railways to general revenues. The only other appreciable increases were in Central Excise Duties and Income-tax receipts. The divisible pool shared with the Provinces rose from Rs. 16,47 lakhs to Rs. 18,08 lakhs and the provincial share from Rs. 3,73 lakhs to Rs. 4,54 lakhs. In consequence of this there is a balance of Rs. 81 lakhs to be paid to the Provinces this March along with the amount due to them for the current year. As the amount provided for the reduction or avoidance of debt was Rs. 3 crores, the net addition to our indebtedness in 1940-41 was only of the order of Rs. 3½ crores.

#### FINANCIAL YEAR, 1941-42

5. I now turn to the current year 1941-42. Our revised estimates for revenue for this year show a net improvement of Rs. 16,62 lakhs. But against this our revised expenditure estimates show a net increase of Rs. 20,04 lakhs. The increase in expenditure is almost entirely on account of the Defence Services, the estimated cost of which has expanded from roughly Rs. 84 crores to Rs. 102 crores odd. Thus, while at the time of the budget we put the deficit on the current year at close on Rs. 14 crores we now expect this to increase to Rs. 17,27 lakhs.

#### *Revenue*

6. For the first nine months of the current year our receipts from Customs continued at a satisfactory level, but since the entry of Japan into the war and the consequent dislocation of shipping in the Pacific there has been a marked drop. We still, however, expect that the total receipts for the year will reach our budget figure with about a crore to spare. Central Excise Duties have also come up to expectations, increased collections of sugar excise duty more than making up for the loss on petrol, and our revised estimate is Rs. 20 lakhs above the budget figure.



7. Collections of Income-tax and Corporation tax have continued to increase, so that our total revised estimate shows a further rise of Rs. 3 crores as compared with the budget. The actual receipts of Excess Profits Tax during the current year are put at no more than Rs. 8 crores out of an anticipated Rs. 11 crores. This is largely due to an over-estimate of the extent to which the increase of the rate of tax to 66½ per cent. would affect the current year's yield, the assessments actually made being almost wholly in respect of liabilities at the rate of 50 per cent. As I indicated the other day in reply to an Assembly question there has been in recent months a considerable improvement in the progress of assessments and these are now being made at the rate of over Rs. 1 crore of tax a month. The divisible pool of income-tax has gone up from Rs. 18,35 lakhs to Rs. 22,17 lakhs. In consequence the Provinces are expected to receive an additional Rs. 2 crores which with the arrears of Rs. 81 lakhs due from last year will bring the amount to be distributed to the Provinces this year up to the record figure of Rs. 7,39 lakhs.

8. As explained in my Budget Speech last year, only Rs. 45 lakhs out of the profits from the issue of our small coin is being taken to revenue and the balance to a Suspense Account. The Indian Mints have, however, carried out a number of coinage orders for other Governments and the fees received for this work and for foreign orders undertaken by the Currency Note Press have gone to swell the revenue shown under Currency and Mint. The main rise under this head is, however, on account of the increase in the surplus profits of the Reserve Bank paid over to Government, which turned out to be Rs. 2,47 lakhs as compared with our estimate of Rs. 1,36 lakhs.

9. The working of the Posts and Telegraphs Department is now expected to result in a surplus of Rs. 1,79 lakhs more than was taken in the budget. With the growth of traffic in all branches, especially Telegraphs and Telephones, gross revenue has increased from Rs. 13,49 lakhs to Rs. 15,68 lakhs. At the same time the employment of extra staff and the payment of overtime and other allowances has caused expenditure to rise from Rs. 12,09 lakhs to Rs. 12,49 lakhs. Under the arrangement explained in my Budget Speech last year the whole of the surplus will be taken to general revenues without any liability for the payment of interest. As already explained in the speech of the Railway Member, the net contribution to be paid by the Railways this year is no less than Rs. 19,12 lakhs or nearly Rs. 9 crores more than was provided in the budget estimates.

### *Expenditure*

10. *Defence Services.*—Turning to the expenditure side of the current year, I deal first with the Defence Services. In my last Budget Speech I described in some detail the progress that had been made with the schemes for the modernisation and expansion of these Services. The objects are first to put India in possession of up-to-date naval, air and military forces, capable of undertaking the local defence of her own frontiers, and, secondly, to enable her to supply and maintain forces for employment overseas in what have been described as the outer bastions of India's defence. Schemes of this nature must, of course, be revised from time to time as the threats to particular aspects of India's security approach or recede with the developments in the war situation as a whole. Towards the close of 1940-41 the deterioration in the position in the Middle East, the over-running of the Balkans, and the emergence of sinister pro-Axis manifestations in Iraq, all pointed to the necessity for a further strengthening of our defences against attack from the West.



The prompt and effective action taken in Iraq and Syria eased the threat to India from this quarter for a brief space but Germany's sudden onslaught on Russia and determined drive towards the Caucasus revived it in an acute form. The recent successes of the Russians in the Ukraine and the reverses inflicted on the enemy in Libya lessened, for the time being at least, the danger from this quarter, but it would clearly be folly even now to ignore its existence and grave potentialities. Meanwhile, an even more serious menace from the Far East had been gradually looming up, culminating last December in war with Japan. Although this possibility had not been overlooked, the unfavourable course that this conflict has so far pursued and its rapid approach to within a relatively short distance of India's frontiers has created additional problems of the greatest urgency, which call for immediate action.

11. The defence schemes to which I referred last year were drawn up for the most part early in 1940 and in view of the increases since then in the magnitude and imminence of the threats to India's security, these schemes have undergone considerable modification and their cost has greatly increased. Before examining the financial implications of these changes I propose as last year to give the House some account of the expansions carried out and others at which we are aiming. For obvious reasons it is not possible to divulge in full the scope of our plans but what I have to say will, I hope, give some idea of the steadily growing magnitude of India's war effort.

12. In spite of the enormous requirements of a modern army and the far higher and more varied degree of training required of all ranks than was necessary 25 years ago, our armies are now more than twice as large as they were at the corresponding stage of the war of 1914—18. We now have in all over a million men under arms, twice as many as when I last addressed you. Our recruiting activities have led to a remarkable increase in the intake of recruits other than officers which has risen during the last 12 months from an average roughly of 20,000 per month to 50,000 per month. The arrangements for housing, feeding, clothing and transporting these large numbers of men have presented administrative problems of unprecedented magnitude. The recruitment of officers in India has not, on the whole, been as satisfactory as we could have wished. One reason put forward for the inadequacy of the response in this field has been that the terms offered to Indian Commissioned Officers are not sufficiently attractive. Improved rates of pay have recently been sanctioned for this class of officers. The institution of a Pre-Cadet Training College to supply certain deficiencies in training and education for young men who would otherwise make good officers may also be expected to improve the intake of officers required for our new armies.

13. All our old cavalry regiments have been mechanised and additional units of the new type are steadily being raised. Heavy and light armoured formations have been raised and others are forming. Concentrated efforts continue to be made to train intensively the thousands of officers required to instruct and lead our new units, and courses of instruction are modified whenever necessary so as to embody the lessons learned in actual operations against the enemy. Last year I laid stress upon the extreme importance of adequate training and the fact that, next to the provision of arms and equipment, the pace of our expansion was conditioned by the quality of our training. During the last 12 months the various schools and other training institutions of the Defence Services have been greatly increased. Thus, the Staff College has increased its output by 100 per cent. since March 1941. The Fighting Vehicles School and the Artillery School have also doubled in size since that date. The Tactical School, Small Arms School and Army



Signals School have all been greatly expanded. Many new training institutions have also come into being. An Air Landing School, for the training of parachute troops is now in full operation. A special centre for instruction in anti-aircraft and coast defence artillery has also been created. In addition to the Officers' Training Schools, where several thousand cadets and newly commissioned officers are learning the rudiments of their profession, a Higher War School has been established at the other end of the scale for the instruction of senior officers.

14. The position in regard to equipment has, for one reason and another, never ceased to give rise to anxiety and it is only by dint of resourceful planning that we have been enabled to push on so fast with our expansion. I mentioned last year the arrangement whereby His Majesty's Government guaranteed to give us a substantial fixed percentage of the output of the United Kingdom in articles which we cannot make for ourselves. Although this proportion has recently been doubled and our anxieties on the score of equipment lessened they will not disappear for some time yet. The establishment of new factories and the expansion of existing factories in India for the production of ammunition, lethal weapons, explosives, and other articles required for war purposes, as a result of the Roger Mission schemes, will further ease the position in this respect as the new and expanded factories come into production.

15. The programme of expansion for the Royal Indian Navy which I indicated last year, is now materialising rapidly. The strength of officers and ratings has been approximately doubled. Two new sloops of the latest type, fast and well armed, are fully commissioned and have already seen service. Others are under construction in the United Kingdom. A large programme of building in connection with our Local Naval Defence requirements has been undertaken in India and some vessels have already been completed and commissioned. New and enlarged accommodation for the Gunnery School and Mechanical Training Establishment, has been provided during the past year.

The opening of a Junior Boys Training School with effect from the 1st February, 1942, calls for special mention. This School is designed as a feeder to the Boys Training Establishment at Manora on which the Royal Indian Navy largely relies for recruits to the ranks of seamen, engine room and other ratings. The new school is intended to give promising boys of about 15 years of age who would not otherwise acquire the educational qualifications prescribed for admission to the Boys Training Establishment, the general education needed to bring them up to the requisite standard. Both as a permanent addition to India's educational facilities and as a source of recruitment to the Royal Indian Navy the scheme is likely to prove of great benefit to India in years to come.

The work in H. M.'s Indian Dockyard or in private firms under Royal Indian Navy supervision on His Majesty's ships and on repairs, armament and protection of both British and Indian merchant ships, has steadily increased during the year. Additional dry docking facilities have also been provided by extending and reconditioning existing docks.

16. The development of the Air Forces has proceeded as fast as the provision of equipment and skilled technical personnel permitted and much progress has been made during the year. Modern aircraft are now arriving in India and a substantial quantity of modern training equipment has been received. The rapid and continuous increase in the complexity and requirements of modern aircraft, the introduction of new types of squadrons, and the increases in the establishments of both personnel and machines for the



various types, add greatly to the difficulties of organising our air defences. For the operation of the new makes of machines landing grounds have to be constructed to much higher standards than those accepted as suitable two years ago, while accommodation both for personnel and machines and other operational facilities, incidental to modern air defence are necessary on a far larger scale than was then envisaged. All these factors, I need hardly point out, add substantially to the cost of building up India's air defences. The formation and expansion of training institutions has gone ahead rapidly and there has been a recent increase in the civil repair and maintenance organisation. Under the scheme for the creation of a reserve of Indian Air Force Officers to which I alluded last year approximately 300 officers have been produced by the civil organisation and passed on to service training institutions, whence they should eventually be absorbed into active formations. The fullest use possible is being made of civil resources and the scheme inaugurated by the Director of Civil Aviation for pre-entry basic training for Indian Air Force mechanics is in full working order. Finally, the scheme for the assembly and manufacture of aeroplanes in India has made good progress. It is confidently hoped that the factory will complete its programme of fighter and bomber construction before the end of the present calendar year although considerable difficulties have been encountered in securing the release from America of the necessary materials, particularly since America entered the war. It has not yet been possible to secure from America all the materials needed for the programme of trainer aircraft and this may be delayed in consequence. In addition, the factory is doing valuable work in carrying out major repairs to aeroplanes of many types.

17. To understand the effect of these further developments in India's activities on our defence estimates it must be borne in mind that under the Financial Settlement with His Majesty's Government only such portion of the expansion of India's Defence Services as is related to India's local defence requirements is chargeable to Indian revenues. Thus, as I explained last year, India bears the cost of raising and training, and (to some extent) of equipping any additional forces raised and retained in this country in pursuance of her expansion schemes, while the whole cost, initial and recurring, of such additional forces as are sent overseas is recoverable from His Majesty's Government.

The amplification of these schemes and the putting into force of many other measures designed to improve India's coastal, air, and land defences, involve a large increase in India's share of the war bill. The basic factor underlying this increase is the great rise in the numbers of service personnel actually in India, either on the effective strength of units or undergoing training. Apart from the pay and allowances of these men, in itself a substantial item, the cost of feeding, accommodating, clothing and equipping them, constitutes a very heavy additional burden on Indian revenues. Another contributory factor is the enormous rise in the cost of providing ground and other operational facilities for the modernised squadrons required for India's local defence, to which I have already referred. Our total war commitments, estimated last year at Rs. 52 crores initial outlay and Rs. 19 crores annually recurring, have now on a rough computation risen to something like Rs. 100 crores initial and Rs. 40 crores recurring. During the current year the Indian portion of the initial and recurring costs arising out of these enlarged commitments will amount to roughly 54 crores, i.e., Rs. 18½ crores in excess of the amount provided for Indian war measures in the budget.



18. The details of the revised estimate of defence expenditure for 1941-42 amounting to Rs. 1,02,45 lakhs are as follows :—

	Lakhs of rupees..
(1) Basic normal budget . . . . .	36,77
(2) Effect of rise in prices on (1) . . . . .	4,24
(3) India's war measures . . . . .	53,03
(4) Non-effective charges . . . . .	8,41
	<hr/> 1,02,45 <hr/>

The increase of 69 lakhs in item (2) over the corresponding budget figure is due to the rapid rise in the general level of prices of indigenous stores. The increase of 17,63 lakhs in item (3) is made up of the increase of Rs. 18½ crores just mentioned less Rs. 85 lakhs on account of India's share of contributions for defence purposes received from the Viceroy's War Purposes Fund. The estimate of non-effective charges remains unchanged pending conclusion of a settlement with His Majesty's Government regarding the allocation of such charges arising out of the war. The terms of this settlement are still under discussion.

It may be of interest to the House to know that the gross expenditure on defence services and supplies expected to be brought to account in India's books for the year 1941-42 amounts in all to Rs. 300 crores of which after India's share as shown above has been deducted the balance of nearly Rs. 200 crores is borne by His Majesty's Government. This latter figure does not include the value of equipment supplied and other services rendered by His Majesty's Government without charge.

#### *Civil Estimates*

19. Civil expenditure in the current year has increased by Rs. 1,72 lakhs. This is mainly due to the expansion of schemes and activities undertaken in connection with the war. The Department of Supply has made steady progress since I last gave the House an account of its activities. No substantial change has been made in its organisation, but for the duration of the war the Indian Stores Department, the Contracts Directorate, and the temporary officers employed on Purchase duties have been merged into a single Purchase Branch with the object of making the most economical use of the staff available. The Textiles Directorate has now been divided into two Directorates one of which has been located at Bombay to deal exclusively with Cotton Textiles. In the Directorate General of Supply, there has been continuous development. Close relations have been established with the Indian Cotton Textiles Industry, and by co-operation between the Department and a Panel representing the Industry bulk purchases have been arranged on a very large scale. Something like 700 million yards of cotton textiles will be purchased during the year 1942-43. The Clothing Factories, multiplied ten-fold since the outbreak of war, are turning out more than eight million garments a month. A new Parachute Factory has been set up, and the first Indian-made Statichutes have passed their trials satisfactorily. The production of web equipment is being rapidly stepped up, and the output of leather goods has increased thirty-fold. Enormous quantities of timber are being extracted from the Indian forests, and a considerable sawing industry has been established which provides employment for a large number of people. Many new chemicals have been produced for the first time in India, and Indian sulphur will shortly be on the market.



20. The Directorate General of Munitions Production has launched satisfactorily a large number of new projects. In my last Budget Speech I referred to the possibilities of expanding India's output of war supplies on lines suggested by the Roger Mission whose recommendations were then under consideration. His Majesty's Government have since completed their examination of recommendations and as a result have approved 20 new projects involving in all a capital outlay estimated at roughly Rs. 12 crores, and these are now in various stages of execution. These projects involve the establishment of new factories and the expansion of old ones for the production in India of weapons, ammunition, steel, and other stores in urgent demand for war purposes, and should, before long, add materially to India's capacity for the production of munitions besides making her self-supporting in respect of certain items for the supply of which she had hitherto to rely on imports. The whole of the capital outlay on the erection and establishment of these factories is being borne by His Majesty's Government, but India will of course pay for such of the articles produced by the new factories as are utilised for purposes of India's local defence.

21. The load on trade and railway workshops has also been substantially increased. Apart from fabricated engineering stores, the tonnage of which is very considerable, the output includes a large range of military requirements from armoured fighting vehicles and small auxiliary naval craft down to camp kettles. Steam-driven marine engines are in production, and India has made her first electric transformers. These results have been achieved by the ready co-operation of industrial concerns throughout India and of the Railway Administrations. Some idea of the magnitude of the Department's activities is given by the fact that from the beginning of the war to the end of December 1941 the orders placed through the Department are valued at approximately Rs. 230 crores, not including the value of the manufactured goods produced in the Ordnance Factories. The additional expenditure on account of these expanded activities is expected to amount to Rs. 64 lakhs in the current year.

22. The decision of the United States of America early in 1941-42 to make available to the democratic powers the great resources of that country in equipment and stores of all kinds required for war purposes, on Lease-Lend terms, constituted one of the most significant and heartening developments of the war. In order to ensure that India participated to the fullest possible extent in these Lease-Lend facilities an Indian Purchasing Mission was created in the United States of America under the chairmanship of Sir Shanmukham Chetty, and it is due in large measure to his able exposition of India's case for Lease-Lend assistance that India has now been admitted to the benefits of Lease-Lend facilities, on the same terms as the United Kingdom itself and other members of the British Commonwealth of Nations. The indents placed for supplies on Lease-Lend terms up to the end of January, 1942, amounted in value to roughly Rs 47 crores. How far, if at all, America's entry into the war may have the effect of postponing deliveries against these indents or of diverting them to other sources of supply, it is impossible to say, but assuming that no such retardation or diversion occurred, a very rough computation indicates that goods valued at Rs. 11 crores against these indents may arrive in India during 1941-42. The corresponding amount for 1942-43 is Rs. 34 crores. The bulk of the items included in these indents comprise stores required either for direct supply to the Defence Services in India or for supply in connection with contracts for the production of war-like stores. A relatively negligible portion of the demands relate to civil requirements, i.e., for A. R. P. stores, etc. In so far as stores received on Lease-Lend terms are utilised for the equipment



of troops sent overseas or for other needs which are paid for by His Majesty's Government under the Financial Settlement the benefits and obligations conferred by Lease-Lend will of course be passed on to that Government. The value of such of the stores as are utilised for Indian purposes, whether by the Defence Services, Civil Departments of the Central Government, or Provincial Governments, will be debited to the budgets concerned and corresponding credits will for the time being be taken to a Suspense Head of Account. We have not yet been informed of the precise nature of the obligation that these Lease-Lend facilities will impose on the Governments making use of them and it is therefore considered prudent for the time being to budget and account for these stores in the same way as though they had been obtained by cash purchase until the precise manner in which the Lease-Lend liability will ultimately be liquidated becomes known. As I have already said, the great bulk of the amounts mentioned above relate to stores supplied for the Defence Services in India but the precise division of these amounts between His Majesty's Government and the Government of India cannot at this stage be determined.

23. There has also been an inevitable expansion in other spheres of Government administration to deal with special wartime problems. A Chief Controller of Imports has been appointed to regulate the Import Trade Control scheme: we have had to set up the Wheat Commissioner and the Controller of Coal Distribution and their staffs. An organisation has had to be created to administer the Petrol Rationing scheme and a Secretariat staff has been recruited for the (Post War) Reconstruction Committee. The estimates also include Rs. 1,41 lakhs which have to be provided for setting aside additional War Risks insurance premia on goods. These amounts are included in our revenue receipts and corresponding payments have to be made into the Fund created for this purpose. The amount to be paid this year in connection with A. R. P., mainly in grants to the Provinces, is estimated at Rs. 1,07 lakhs. Equipment of the new Mint which is now being constructed at Calcutta to enable us to meet the rising wartime demands for coin both for ourselves and from Allied Governments is costing Rs. 26 lakhs. A further Rs. 6 lakhs is on account of the larger output of coin from our existing mints, the profits from which go to increase our revenue. The net increase in the Civil estimates would have reached a larger figure but for a welcome reduction of Rs. 3,09 lakhs in our interest charges. This is mainly due to the saving in interest on the counterparts of our sterling loans for the period they were held in our Cash Balance Investment Account before they were sold, converted or cancelled. There are also certain special savings on the repatriation operations carried out last February. These will be counterbalanced in future years by the larger interest payable on the rupee loans raised to replace our cancelled sterling debt but in the current year there is an immediate reduction in our interest payments.

#### FINANCIAL YEAR, 1942-43

##### *Revenue*

24. I now come to the financial year 1942-43. Our total revenue estimates amount to Rs. 1,40,00 lakhs as compared with Rs. 1,29,62 lakhs in the revised estimates of this year. Against our current year's estimate of the yield from Customs duties of Rs. 36 crores, we have taken for 1942-43 Rs. 30 crores. This figure includes the estimated yield of Rs. 2 crores from the special additional import duty on raw cotton, which was recently imposed in order to finance the measures to be taken to relieve the short-staple cotton situation. The full effect on our foreign trade of the war in the Pacific has yet to be seen



and on the information at present available we must prepare for a considerable drop in imports which may turn out to be even more serious than we have allowed for. Against this the yield from Corporation Tax and Income-tax together with the Central surcharge is expected to increase by over Rs. 3 crores, and the collections of Excess Profits Tax have been put at Rs. 20 crores as compared with Rs. 8 crores in the current year. On this basis the divisible pool of Income-tax will increase to Rs. 25,75 lakhs and on the assumption that the sum to be retained by the Centre from the Provincial moiety will be maintained at Rs. 4½ crores, the share of the Provinces next year is expected to reach the figure of Rs. 8,37 lakhs. I may observe that this is considerably more than the total sum which at the time of the Niemeyer Award the Provinces were expected to receive at the end of the ten-year devolution period or than ever appeared to be possible before the outbreak of war.

For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 15,77 lakhs and expenditure Rs. 12,54 lakhs. Telegraph and telephone traffic, the revenue from which has doubled in the last four years, is now being carried almost to capacity and the bulk of the Rs. 1,11 lakhs provided for capital works in 1942-43 is to be spent on increasing the capacity of the existing telephone and trunk systems and on opening new lines and exchanges.

### *Expenditure*

25. *Defence Services*.—The Defence Budget for 1942-43 amounts to Rs. 1,33,00 lakhs made up as follows:—

	Lakhs of rupees-
(1) Basic normal budget . . . . .	36,77
(2) Effect of rise in prices on (1) . . . . .	6,52
(3) India's war measures . . . . .	81,30
(4) Non-effective charges . . . . .	8,41
	<hr/> 1,33,00 <hr/>

The increase over the revised estimates in item (2) is based on the anticipated further rises in the general level of prices during 1942-43. The heavy increase against item (3) is due to the growth of our expansion and other war measures in the circumstances already explained. Of the total amounts shown, roughly Rs. 47 crores represent initial expenditure and Rs. 36 crores annual recurring expenditure. An allowance has also been made for an aggregate credit amounting to Rs. 1½ crores for the year from the Viceroy's War Purposes Fund. Here again, I would draw attention to the fact that the estimated amount of India's Defence expenditure is only a fraction (approximately one-fourth) of the gross Defence expenditure likely to be brought to account in India's books during 1942-43. In other words, the amount of expenditure on defence services and supplies that we expect to recover from His Majesty's Government during that year under the operation of the Financial Settlement exceeds the enormous total of Rs. 400 crores.

By far the greater part of this amount as also of the corresponding amount of Rs. 200 crores for the current year represents expenditure connected with the provision or maintenance of forces engaged in operations overseas that vitally concern India's security against external aggression. More than one half of the total amount relates to the acquisition and storage in India of stores of all kinds intended for the initial equipment or maintenance of such.



forces. A relatively small portion of these amounts consists of expenditure unconnected with the defence of India, such as, the value of equipment and stores supplied direct to the United Kingdom and expenditure on prisoners of war held in this country.

In addition His Majesty's Government have undertaken the supply to India without charge of large quantities of aeroplanes, vehicles, guns, and other equipment required in connexion with the expansion of India's Navy, Air Force and Army. The total value of such free supplies already made or expected to be received by the end of 1942-43 is roughly Rs. 60 crores.

### *Civil Estimates*

26. Our civil expenditure estimates show increases amounting to Rs. 9,63 lakhs in all as compared with the current year's revised estimates. Though this is a large amount, particularly at a time when ordinary expenditure has to be restricted to the minimum, I will not take up the time of the House by going over the details which are furnished in full in the Explanatory Memorandum on the Budget. I will merely mention the chief components in order to indicate to what extent this extra expenditure is directly related to essential measures connected with the war. There is first of all the expenditure on Civil Defence for which Rs. 4 crores have to be provided. Under the new scheme of financial allocation of the cost of A. R. P. measures, which was drawn up after a conference between the Centre and the Provinces, each Provincial Government is in each financial year to bear the whole of its expenditure up to a specified amount which is to be fixed in a certain broad relation to the provincial revenue receipts. The amount over and above this initial slab of expenditure will be divided into further slabs, of which the first is to be shared 50/50 by the Central and the Provincial Governments, the next 75/25 and anything beyond that  $87\frac{1}{2}/12\frac{1}{2}$ . This new allocation will not disturb the previous arrangement whereby the Central Government bear the whole of the non-recurring expenditure sanctioned by them prior to the 1st July, 1941, and the recurring expenditure sanctioned by them and incurred before that date. The scheme is designed to ensure that necessary A. R. P. measures are undertaken without delay and that the financial help given by the Centre should be determined in the light of the magnitude of the A. R. P. expenditure to be incurred by each Provincial Government and the capacity of the revenues of the Province. It also takes into account the additional resources which the Provinces are deriving from the larger distribution of income-tax. The amount of A. R. P. expenditure to be shared next year will of course depend to a great extent on future developments, so that our present estimate of the amounts to be paid out by the Centre can only be regarded as tentative.

27. The original Technical Training Scheme by which 15,000 men were to be trained for the technical branches of the Defence Services and Ordnance and Munitions factories has since been expanded to provide for the training of 48,000 men by the end of 1942-43. This is to cost Rs. 2 crores. A further expansion costing about Rs. 20 lakhs is also being undertaken to meet the needs of civil industry. Of these amounts Rs. 1,32 lakhs are expected to be spent next year.

28. There is a special provision of Rs. 26 lakhs for expediting the Civil Aviation programme in addition to the annual subvention of Rs. 35 lakhs, Rs. 17 lakhs are required to complete the programme of the Karachi, Peshawar and Delhi Broadcasting Houses and the construction of the new high power transmitter for foreign broadcasts. The continued expansion of the Supply Department's activities is expected to require a further Rs. 48 lakhs over and



above the amount provided this year. Then there are the sums to be transferred to special funds, such as War Risks Insurance premia, the proceeds from the enhanced import duty on raw cotton and the cess on exports of agricultural produce which amount to Rs. 3,24 lakhs, Rs. 2,00 lakhs and Rs. 18 lakhs respectively. These have to be provided in our expenditure estimates though in effect they are set off by corresponding receipts on the revenue side. A further large item is the increase of Rs. 1,75 lakhs in our Interest charges. This is due to the fact that the immediate savings which resulted from our Sterling Debt Repatriation operations will not recur next year and though there will be a large reduction in interest payable in England from the repayment of the 2½ per cent. and 3 per cent. non-terminable sterling loans, this will be offset by the additional interest to be paid in India on the Defence Loans and Treasury Bills raised to finance this repayment. Next year's provision for Interest will still, however, show a saving of Rs. 1,34 lakhs as compared with the budget for 1941-42.

29. I can now summarize the position for the coming year. The expenditure detailed in the Civil estimates comes to Rs. 54,07 lakhs and the provision for the Defence Services has been placed at Rs. 1,33,00 lakhs. Our total expenditure estimates thus amount to Rs. 1,87,07 lakhs. The total revenue, at the existing levels of taxation, is estimated at Rs. 1,40,00. We are thus left with a prospective deficit of Rs. 47,07 lakhs.

#### WAYS AND MEANS

30. At this stage I will as is usual give an account of our ways and means position, which naturally assumes a much greater importance in the scheme of wartime finance.

*Defence Loans.*—Since the Defence Loans were first issued in June, 1940 they have produced a total of Rs. 1,10,30 lakhs up to the end of January, 1942. The greater part of the amount subscribed this year has been in the form of investments in the three per cent. Second Defence Loan, 1949-52, which was on tap from the 1st February, 1941, and has only just been closed. The continued response to the Interest-free Defence Bonds has been most welcome. The sales of Defence Savings Certificates and Stamps have also brought in a steady if modest flow of subscriptions, the total of which now amounts to about Rs. 4,67 lakhs.

31. The aggregate of these sums is no doubt a respectable figure in relation to the normal scale of public borrowing in India. But in the circumstances of the present time it is manifest that a continuously increasing rate of saving is essential not only to finance our expanding war activities but to keep the economy of the country in a sound and healthy condition. Our own Defence expenditure has reached a scale of Rs. 40 lakhs a day and is continuing to grow. But there is a much larger expenditure on account of supplies and services to His Majesty's Government and other allied governments. For these we receive payment in sterling but have to disburse the equivalent amount in rupees within the country to those who have provided the goods and services. This creates a large increase in the purchasing power available in the hands of people in the country. The whole of that purchasing power cannot possibly be utilised in a satisfactory and wholesome manner at the present time when so much of the productive power of the country must be directed to the war effort and when the purchase of desirable imports is necessarily subject to the most severe restrictions. In these circumstances it is of paramount importance that claims for consumers' goods should, as far as possible, be postponed; in other words, that the individual should refrain from intensive competition for



goods of limited supply and should save his money for expenditure at a more suitable time. In this way he will not only provide a reserve for himself against more difficult times to come but he will assist in the prevention of those sudden rises in the price level which are a source of great hardship to so large a part of the community. These are familiar facts in any wartime economy, but they need to be brought home to those large numbers in India today who find themselves in possession of an enhanced spending power. The object of the National Savings campaign is to try and persuade people to follow this course in their own interest and that of the country. A conference of representatives from Provinces and Indian States was held last month to survey the progress made with this movement and to consider the further measures necessary to advance it. I can only repeat that nothing is more important than that people with surplus purchasing power in their hands should be taught at the present moment to save wherever possible rather than spend. I shall have more to say on this subject towards the end of my speech.

During the current year the outstanding balance of the 3 per cent. Bonds, 1941, amounting to Rs. 10½ crores was repaid, Rs. 8½ crores by conversion and the remainder in cash. Apart from the undated sterling loans, to which I shall refer later, the only loan we have the option of repaying next year is the 5 per cent. Loan, 1942-47, but of this the balance still outstanding is only Rs. 65 lakhs.

32. *Sterling Position.*—With the increased war demand for supplies from India, sterling has continued to accumulate in the Reserve Bank at a rate greatly in excess of the previous years' figures and our anticipations. Purchases by the Bank during the first ten months of the current year amounted to approximately £57 million. At the time of the budget we estimated a net refund by the Secretary of State of £26 million. Since then, however, the volume of recoverable war expenditure and purchases on behalf of His Majesty's Government and Allied Governments has increased continuously, and the net refunds for the year are now expected to aggregate £53 million after providing for the repayment of the 2½ per cent. and 3 per cent. undated sterling loans next month. For next year the net refunds by the Secretary of State are estimated at £164 million after allowing for the repayment of the remaining undated sterling loans and for the payment of £13 million for the purchase of the Bengal and North Western Railway and the Rohilkhand and Kumaon Railway.

33. *Repatriation of Sterling Debt.*—In my Budget Speech last year, I dealt at some length with our scheme for the repatriation of India's sterling debt and its financial implications. During the course of the current year, thanks to the cooperation of the Bank of England and the Reserve Bank, not only were we able to carry out this important and complex transaction smoothly, but we have also been able to adopt, with the assistance of His Majesty's Government, a similar scheme for the repatriation of the remaining non-terminable portion of our sterling debt. The total terminable stock acquired under the first scheme amounted to Rs. 97 crores leaving only some Rs. 15 crores outstanding as being outside the scope of the British and Indian Vesting Orders. The sterling paid out to those holders who were entitled to payment in sterling was £66.3 million, while of Rs. 14,56 lakhs dealt with under the Indian Order Rs. 13,30 lakhs were acquired in exchange for counterparts, the small remainder being paid for in cash. Including the market purchases that preceded the first compulsory acquisitions, the total sterling debt was reduced by £101 million and the annual interest payments in sterling by over £4 million. The continued accumulation of sterling with the Reserve



Bank made it possible for us to enlist once more the assistance of His Majesty's Government and to announce towards the end of December last the second compulsory scheme of repatriation, and at the same time to give notice of redemption of the  $3\frac{1}{2}$  per cent. undated stock on the 5th January, 1943. The probable requirements of sterling for the  $2\frac{1}{2}$  per cent. and three per cent. stock are £70 million, and this the Reserve Bank will be able to find for us with the greatest ease. Another £70 million will be required during the course of next year for payments in connection with the  $3\frac{1}{2}$  per cent. stock and this amount will also be available without any strain on the Reserve Bank's sterling resources.

34. There has been criticism in some quarters that the open market purchases made from time to time before the first compulsory repatriation pushed up the prices against us and, therefore, made the scheme unduly expensive. This criticism is not valid because the bulk of our purchases were made during March to October, 1940 when security prices had slumped as a result of the international situation, and the prices paid were close to the minima fixed by the London Stock Exchange. Moreover, we had stopped making purchases for a couple of months before the date of the Vesting Orders. We did not resume them for the undated stock until we could pick up stock at reasonable prices again after the second week of December last. There is no evidence that our purchases were a factor of any recognisable significance in the fluctuations of the market prices from time to time, which were more or less parallel in the United Kingdom and in India.

35. Last year I gave the House a tentative outline of our plan of rupee finance for the first measure of repatriation. As I then explained, there are two stages : first, to acquire the sterling from the Reserve Bank and, secondly, to obtain rupees to pay for that sterling. Owing to the large sterling resources of the Reserve Bank the first operation presented no difficulty, and, as regards the second, I explained that it would obviously be impossible to attempt to borrow this immediately from the market, particularly in view of our defence borrowing requirements, and that in fact there was no need to hurry this process unduly. The procedure should be designed so as to avoid any immediate shock to the rupee security market and to fund these obligations gradually as the market was able to absorb them. To the extent to which these terminable loans were held by Indian investors, as their price was roughly at a parity with the price of similar Indian securities, it was possible to give them direct payment in the form of counterparts and the rupee finance of these of course presented no difficulty. As for the balance amounting to approximately 84 crores, it was taken over either by the Reserve Bank in the form of counterparts, or was met out of our balances, or financed by *ad hoc* treasury bills or ways and means advances from the Bank, the object being to provide both the Bank and Government with a portfolio which could be sold gradually to meet the market demand.

36. The first step taken in this direction was the cancellation of stock which, in our opinion, was in excess of the absorptive capacity of the market over the next few years and was not required for ensuring the marketability of such of the counterpart stock as was in the hands of the public. As a result some Rs. 47 crores of stock including that taken over from the Reserve Bank was cancelled and a small proportion was converted into existing loans for which there is a fairly sustained demand from the market. The combined result of these operations was an increase of Rs. 92 crores in our rupee debt and of Rs. 3 crores in our rupee interest charges against a reduction in sterling debt by Rs. 135 crores and sterling interest by Rs.  $5\frac{1}{2}$  crores. As opportunity



occurred during the year by arrangement with the Reserve Bank, *ad hoc* treasury bills taken up by the Bank in connection with the repatriation were gradually cancelled against the transfer of sterling from the Banking Department to the Issue Department. In the result, prior to the announcement of the second scheme of repatriation, the Reserve Bank held only Rs. 2.71 lakhs of *ad hoc* treasury bills. Meanwhile counterparts on Government's account were sold to the public as they required them, and by the end of December last, out of some Rs. 139 crores of rupee counterparts created since repatriation was first undertaken, Rs. 47½ crores had been cancelled, Rs. 51 crores were in the hands of the public, a little over Rs. 31 crores were held by the Reserve Bank and Rs. 9½ crores were held on Government account. As our outstanding of Treasury Bills actually decreased by Rs. 14 crores between the 1st March, 1941 (*i.e.*, prior to the repatriation payments) and the end of January 1942, we may conclude that the cash payments on account of the counterparts which were cancelled have ultimately been financed almost entirely from Defence Loan proceeds. We may, therefore, claim that the bulk of the floating debt incurred for the financing of the first instalment of repatriation has already been funded. We may also be reasonably confident that we shall not encounter any unusual difficulty in making satisfactory arrangements for the financing of the second instalment of repatriation due to be carried out in two stages—one in March, 1942 and the other in January, 1943.

37. In regard to the 3½ per cent. stock, Government have been criticised in some quarters for not extending to it the machinery of compulsory acquisition used in the case of the other stock. This criticism overlooks the fact that although compulsory acquisition can be justified as a contribution to the general war effort, it is still compulsion and cannot be lightly employed. In the case of the 3½ per cent. stock, which has been standing so near to par and which is redeemable on a year's notice, we could urge no sufficiently valid reason for His Majesty's Government to use their special war time powers to acquire it for us, even though the acquisition would have meant some acceleration of the release of sterling for investment in a more permanent form in British Defence Loans.

38. I pointed out last year that the real gain to the country from repatriation lies in the liquidation of external obligations which might prove an embarrassment in future and their replacement by internal debt. The method of finance employed, involving as it does payment to holders out of short-term obligations to be replaced gradually by funded loans, results in a certain temporary revenue gain. That, however, is only incidental, and if I mention a figure, I intend it to be a matter of only secondary interest to the House. We calculate that on the figures already given, the net saving to the revenue budget under interest would be of the order of Rs. 90 lakhs. In addition, to the extent to which the Reserve Bank is for the time being holding higher interest bearing rupee counterparts in its Issue Department instead of short-term sterling investment of lower yield, its profits will increase, and as ultimately the Bank's surplus profits are transferred to Government, Government gains thereby. I make no attempt to calculate precisely the size of this addition to Government revenue, but content myself with stating that it should be approximately of the order of Rs. 50 lakhs.

39. A question is sometimes asked as to the effect of these large transactions on the Bank's sterling reserves. In point of fact, by the 1st August, 1941, the sterling reserve in the Issue Department had already been restored to the figure at the close of the previous year ending 30th June, 1940, in spite of large payments on account of repatriation. Immediately before the announcement of the second scheme, in spite of a very large increase in note



liabilities, the Reserve Bank held gold and sterling securities accounting for 77½ per cent. of the note liabilities, and at the end of January, it was in a position to find all the sterling necessary for the 2½ per cent. and three per cent. undated stock and yet retain a cover in gold and sterling securities well above 40 per cent. Indeed in this respect the Bank might almost be said to possess an embarrassing plenitude.

40. *Treasury Bills*.—In the Budget we assumed a net decrease of Rs. 11½ crores in the value of Treasury Bill outstandings. Actually by the end of January 1942 the outstandings had been reduced from Rs. 69 crores to Rs. 45½ crores, that is, by Rs. 23½ crores. This improvement was due mainly to better Defence Loan receipts and sales of stock held by Government. Also, although the Reserve Bank have not found it necessary this year to take from us the rupee coin for which we had anticipated a credit of Rs. 5 crores, we have actually realised Rs. 10 crores from the sale of silver in India. Incidentally, the Bank will in the normal course have to take a further Rs. 5 crores of rupee coin from Government next April under Section 36 (2) of the Reserve Bank of India Act and we are accordingly assuming a credit of this amount next year.

We shall, however, have to find large sums to cover the repayment of the 2½ per cent. and the three per cent. undated sterling loans next month and we propose to meet this by creating additional treasury bills to the extent of Rs. 39 crores, the balance of the amount required being found either by the issue of stock to the Bank or from our own balances, supplemented if necessary by temporary ways and means advances.

41. *Post Office Cash Certificates and Savings Banks*.—The net discharge of Cash Certificates this year is not likely to vary appreciably from our original estimate of Rs. 6 crores; but, against the credit of Rs. 2 crores assumed in the budget, Savings Bank transactions are likely to result in a net outgo of Rs. 7 crores. Until recently there was a steady decrease in withdrawals but with the extension of hostilities in the Far East there has been a setback. The position will, it is hoped, improve before long and for next year we are estimating the net encashment of Cash Certificates at Rs. 5 crores and the net withdrawals of Savings Bank deposits at Rs. 2 crores.

#### NEW PROPOSALS.

42. I now address myself to my final task, which is to lay before the House the proposals of the Government for the treatment of the deficit of Rs. 47,07 lakhs, which, on the estimates we have made, is anticipated in the forthcoming financial year. But before I explain the measures which have been embodied in the Finance Bill, I have certain preliminary observations to make. From much that I have already said it is clear that the problem with which we are faced can no longer be handled from the limited aspect of the balancing of Government revenue and expenditure. In the Explanatory Memorandum to the Budget, we have exhibited this year certain indices and statistics of the kind to which the careful observer of economic trends is accustomed to refer when judging of the economic situation of a country. I do not think that I should, in the course of this speech, embark on a theoretical examination of the precise significance which should be attached to these indices. I would rather confine myself to the statement of our own broad conclusion formed after taking into account the various relevant phenomena. It cannot be doubted that the factors which are at work today throughout the world and which affect practically every country, whether belligerent or neutral,



are also operating in India. In so far as those tendencies give rise to anxiety, I think it is fair to say that India is not only not in the forefront of the countries exposed to major economic perils but that she is indeed somewhat further removed from the point at which the more drastic forms of action would be called for. Nevertheless it is also beyond dispute that a stage has been reached at which, in addition to the ordinary process of taxation, it is the clear duty of the Government to make a beginning with measures of a kind which will assist in relieving the pressure of the enhanced volume of purchasing power on the inevitably limited supplies of goods and services which are available for private consumption at the present time. It is in the light of this broad conclusion that the Budget proposals have been framed. I will only add that in judging the efficacy of the initial steps we are now taking, account must be taken of secondary as well as of primary factors. It must be borne in mind throughout that when a certain amount of purchasing power is withdrawn from the public, the total volume of spending affected is greater than the initial sum withdrawn, since those to whom the original spenders would normally have transferred purchasing power, will now also be deprived of the opportunity of spending, and so on in a widening circle.

43. With these preliminary observations I now proceed to explain our proposals in the sphere of direct taxation. I will deal in the first place with the provisions relating to incomes of from Rs. 1,000 to Rs. 2,000. These are in the first instance made liable to tax at six pias in the rupee on the excess over the first Rs. 750 of total income. This liability can, however, be completely discharged and no tax will be leviable if the assessee exercises the option of depositing a prescribed sum in a Savings Bank Account. The prescribed amount is Re. 1 for every Rs. 25 by which his total income exceeds Rs. 750, and is, therefore, approximately  $1\frac{1}{4}$  times the amount of tax to which he would otherwise be liable. Thus, on an income of Rs. 1,250 the tax would be Rs. 15-10-0 and the optional savings bank deposit would be Rs. 20. The corresponding figures for an income of Rs. 1,750 are tax Rs. 31-4-0, optional savings bank deposit Rs. 40. It is intended that these amounts should be deposited in the Post Office Defence Savings Bank from which sums cannot ordinarily be withdrawn till one year after the end of the war and on which interest is payable at the rate of  $2\frac{1}{2}$  per cent per annum. It will be seen that this is in its essence a scheme of saving rather than of taxation, and it appears to us the most suitable way in which the problem which I outlined above can be tackled in the case of those persons whose incomes fall below the minimum, which has hitherto been liable to income-tax.

44. The next feature of our proposals relates to the central surcharge on incomes exceeding Rs. 2,000. We have hitherto proceeded by the application of a flat percentage surcharge on the basic rate of income-tax and super-tax throughout the whole range of income. The limitations of this procedure will be apparent when it is remembered that the basic tax progresses from three quarters of an anna in the rupee at one end to nine and a half annas in the rupee at the other. The scope for feasible enhancement of the latter rate of tax in a time of national emergency is clearly much more restricted in terms of a flat percentage than the increases which are feasible in the lower reaches of the scale. The basic



scales of tax in India have, since 1939, been highly progressive and the rate of progression has been further steepened by the application of the percentage surcharge. The income-tax surcharge which has been proposed in the Finance Bill runs from six pies in the rupee on the slab of taxable income between Rs. 1,500 and Rs. 5,000, to nine pies in the rupee on the next Rs. 5,000, 1 anna and 2 pies in the rupee on the next Rs. 5,000, and 1 anna and 3 pies in the rupee on the balance of total income. The last named surcharge is, of course, equivalent to a 50 per cent. surcharge. Similarly, the surcharge on the rates of super-tax are equivalent to a 50 per cent. surcharge and at the same time Corporation tax is raised to  $1\frac{1}{4}$  annas in the rupee. While for the reasons I have explained the rates of surcharge on the first slabs of taxable income are somewhat higher than 50 per cent. there is a provision which mitigates their incidence in the case of incomes not exceeding Rs. 6,000. By this provision a portion of the tax equal to a half per cent. of the assessee's total income will be funded for his benefit and repaid to him after the end of the war. In order that the House may more easily understand the incidence of the taxes that will now be levied on incomes throughout the scale I have included in the Explanatory Memorandum on the Budget a table showing the percentage of his total income which the assessee will be required to contribute. It will be seen that that incidence proceeds in a fairly even progression from less than two per cent. at one end of the scale to 85 per cent. at the other end of the scale on an income of 30 lakhs a year.

45. As regards the Excess Profits Tax, it is proposed to retain the existing rate of  $66\frac{2}{3}$  per cent. to be levied on the profits of a further period of one year. Here also, however, we have introduced a new feature. We have been impressed with the growing evidence of the extent to which this tax militates at certain stages against the incentive to the most economical and efficient administration of the business affected. We also feel that there is great force in the argument for the supreme importance of building up a reserve for the rehabilitation and re-equipment of national industries after the war. Finally, there is here also a strong case for immobilising, during the period of the war, as much as possible of the excess profits earned and preventing postponable private expenditure from exerting an undesirable influence on the price level. To assist in securing these objects we are prepared to contribute an amount up to but not exceeding  $1/10$ th of the net excess profits tax ultimately paid at the rate of  $66\frac{2}{3}$  per cent., provided that the assessee deposits a sum equal to double this amount. The contribution thus placed in reserve by the assessee will be repayable within 12 months of the end of the war and will in the meantime earn simple interest at the rate of two per cent. per annum. The portion contributed by the Government will also be paid out after the war at such time and subject to such conditions as may hereafter be determined. Advice on the formulation of these conditions will be sought from the Post-War Reconstruction Committee. The Government contribution will, together with the interest on the assessee's deposit, be a taxable receipt of the year in which it is repaid.

This completes our proposals for direct taxation. The net addition to revenue, excluding repayable deposits and refundable elements which are to be treated as borrowings, is estimated at Rs. 530 lakhs.



46. I turn now to the sphere of indirect taxation. Here our main proposal is to levy during the forthcoming financial year an emergency surcharge over the whole field of customs import duties equal to one-fifth of those duties. The only exceptions will be the duty on raw cotton, which has just been enhanced for a special purpose, and the duty on motor spirit, the excise on which will be increased by three annas a gallon with a resultant automatic increase of a like amount in the import duty. There are also a few unimportant imports from Burma on which, by the operation of the trade agreement concluded with that country last year, no increase is permissible. The duty on imported salt will also continue at the same rate as that at present levied on indigenous salt. The excise duties on kerosene and on silver will be equated to the import duties now leviable. These proposals will, by virtue of a declaration under the Provisional Collection of Taxes Act, come into effect at once.

47. The levy of an overall surcharge on the schedule of import tariffs, comprising all revenue and protective duties, is a measure which in normal times is fraught with the most serious disadvantages, not the least of which is that it tends to defeat the very object, namely, increase of revenue, which it seeks to achieve. I have had sufficient experience of the operation of this factor to be in no danger of underestimating its effect. But at the present time, when our import trade is already subject to a far-reaching scheme of restriction and control, we are satisfied that the additional effect of the proposed increase in duties will not be serious. Customs duties have for a long time been the main pillar of the Central revenues of India, and it is exceedingly difficult to repair a heavy shortfall in this form of revenue by resort to any alternative source. We estimate the additional revenue from the measures I have just described at Rs. 570 lakhs. I need hardly say that at the present time estimates of this kind cannot possibly pretend to any high degree of accuracy, and may easily be falsified by the course of world events.

48. We propose finally to make certain increases in our posts and telegraphs rates, which are estimated to yield an addition of approximately Rs. one crore. The main changes are an increase in the ordinary letter rate from  $1\frac{1}{2}$  annas to  $1\frac{1}{2}$  annas, the postcard rate remaining unchanged; and an increase in the minimum rate for an ordinary telegram, which is at present 10 annas including the surcharge, to 12 annas. The minimum rate for express telegrams will be similarly increased from Rs. 1-4-0 to Rs. 1-8-0. There will also be increases in telephone rentals and the surcharge on trunk call fees will be raised from 10 per cent. to 20 per cent.

49. The total additional revenue from all these proposals is estimated at Rs. 12 crores, leaving a deficit of Rs. 35,07 lakhs to be covered by our borrowing programme. This would in normal times rightly be regarded as a very formidable addition to the public debt. At the present time it must, of course, be viewed against the background of India's war effort, of the undoubted increase in the national income resulting from the intensive development of India's resources, and above all of the tremendous accession of strength which results from the conversion of external to internal debt.



From this general picture I consider that all those who entertain far-reaching hopes for the future of this country may draw great comfort and encouragement. It is also my belief that, come what may, India will again be seen to possess vast reserves of faith and fortitude, that her people will prove themselves worthy members of that great brotherhood which includes, besides the British Commonwealth of Nations and the mighty American confederation, the undaunted millions of China and of Russia, and that hand in hand with them she will move forward to the victorious dawn of a new world.



# BUDGET

of the

## Governor-General in Council

As laid\* before the

## Indian Legislature, 1942.

FINANCE DEPARTMENT ;	}	C. E. JONES,
<i>New Delhi, the 28th February 1942.</i>		<i>Secretary to the Government of India.</i>

(\*This was adopted without any modification.)

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## I.—General Statement of the Revenue and Expenditure

[In thousands of Rupees.]

	For details, vide State- ment.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>Revenue—</b>					
<b>Principal Heads of Revenue—</b>					
Customs . . . . .	A	37,29,68	35,11,00	36,00,00	35,35,00
Central Excise Duties . . . . .	"	9,48,61	12,10,00	12,30,00	12,65,00
Corporation Tax . . . . .	"	4,13,54	12,62,00	11,30,00	21,99,00
Taxes on Income other than Corpora- tion Tax . . . . .	"	17,63,34	23,00,00	24,74,00	33,63,00
Salt . . . . .	"	7,67,27	8,30,00	9,10,00	9,00,00
Opium . . . . .	"	47,85	52,85	70,30	82,00
Other Heads . . . . .	"	1,14,33	1,10,97	1,24,39	1,23,06
<b>TOTAL PRINCIPAL HEADS</b> .		<b>77,54,92</b>	<b>92,76,82</b>	<b>95,38,69</b>	<b>1,14,07,06</b>
 Railways: Net Receipts (as shown in Railway Budget) . . . . .	"	47,75,52	41,09,42	55,47,16	56,96,13
Irrigation: Net Receipts . . . . .	"	1,55	84	95	1,57
Posts and Telegraphs: Net Receipts .	"	1,93,76	2,09,53	3,68,15	4,92,45
Debt Services . . . . .	"	78,77	61,29	61,54	60,29
Civil Administration . . . . .	"	1,13,40	1,12,71	1,04,81	1,01,75
Currency and Mint . . . . .	"	1,44,61	2,21,44	3,42,30	3,25,50
Civil Works and Miscellaneous Public Improvements . . . . .	"	35,84	26,45	33,88	35,20
Miscellaneous . . . . .	"	1,65,28	1,34,07	1,77,73	1,67,50
Defence Services . . . . .	"	1,19,23	44,14	1,31,48	1,95,63
Contributions and Miscellaneous Adjustments between Central and Provincial Governments . . . . .	"	...	...	...	...
Extraordinary Items . . . . .	"	10,49,45	3,05,52	4,70,91	6,04,99
<b>TOTAL REVENUE</b> .		<b>1,45,12,68</b>	<b>1,45,04,83</b>	<b>1,67,97,10</b>	<b>1,91,46,07</b>
<b>DEFICIT</b> .		<b>6,62,80</b>	<b>13,84,55</b>	<b>17,27,33</b>	<b>35,06,84</b>
<b>TOTAL</b> .		<b>1,51,75,48</b>	<b>1,58,89,38</b>	<b>1,85,24,43</b>	<b>2,26,52,91</b>



charged to Revenue of the Central Government.

[In thousands of Rupees.]

	For details, vide State- ment.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>Expenditure—</b>					
Direct Demands on the Revenue . . . . .	B	3,81,54	4,35,87	4,59,88	5,03,63
Capital Outlay on Salt Works charged to Revenue . . . . .	„	46	21	25	44
Railways; Interest and Miscellaneous Charges (as shown in Railway Budget) . . . . .	„	35,58,16	30,91,00	36,34,64	36,83,44
Irrigation . . . . .	„	9,14	9,71	9,84	9,13
Posts and Telegraphs . . . . .	„	69,42	69,70	69,74	70,85
Debt Services . . . . .	„	12,78,43	12,05,75	8,90,57	10,71,74
Civil Administration . . . . .	„	12,43,49	13,11,43	13,59,24	15,97,34
Currency and Mint . . . . .	„	98,67	97,21	1,50,57	1,63,25
Civil Works and Miscellaneous Public Improvements . . . . .	„	2,98,73	3,75,83	3,88,00	3,25,68
Miscellaneous . . . . .	„	3,18,57	2,82,04	4,10,97	3,63,38
Defence Services . . . . .	„	74,80,64	84,56,66	1,03,76,43	1,34,95,57
Contributions and Miscellaneous Adjustments between Central and Provincial Governments . . . . .	„	3,04,77	3,04,47	3,04,35	2,77,38
Extraordinary Items . . . . .	„	1,22,26	2,49,50	4,63,84	11,03,28
<b>TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .</b>		<b>1,51,65,48</b>	<b>1,58,89,38</b>	<b>1,85,34,42</b>	<b>2,26,54,91</b>
<b>SURPLUS . . . . .</b>		<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>TOTAL . . . . .</b>		<b>1,51,65,48</b>	<b>1,58,89,38</b>	<b>1,85,34,42</b>	<b>2,26,54,91</b>



## II.—General Statement of the Receipts and

[In thousands of Rupees.]

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>Surplus</b> . . . . .		...	...	...	...
<b>Railway Capital Account not charged to Revenue—</b>					
Capital contributed by Railway Companies and Indian States towards Outlay on State Railways (as shown in Railway Budget) . . . . .	C	...	...	...	...
<b>Debt, Deposits and Advances—</b>					
Public Debt—					
Permanent Debt (net) . . . . .	"	28,55,82	20,00,13	...	...
Floating Debt (net) . . . . .	"	30,19,75	...	...	29,50,00
Unfunded Debt (net) . . . . .	"	...	3,32,06	...	...
Deposits and Advances (net) . . . . .	"	...	20,55,86	49,31,06	39,20,31
Railway Depreciation and Reserve Funds as shown in Railway Budget (net) . . . . .	"	10,61,36	7,62,84	15,53,72	13,49,48
<b>TOTAL DEBT, DEPOSITS AND ADVANCES.</b>		69,66,08	52,10,33	64,84,77	82,19,79
<b>Loans and Advances by the Central Government (net)</b> . . . . .	"	1,61,20	2,27,87	2,52,12	1,84,42
<b>Remittances, etc. (net)</b> . . . . .	"	...	...	...	13,60
<b>Transfer of Cash between England and India</b> . . . . .		5,93	...	2,00,00	...
<b>TOTAL RECEIPTS</b> . . . . .		71,51,46	54,38,20	69,36,89	84,17,71
<b>Opening Balance</b> . . . . .		16,62,05	8,56,03	14,67,76	8,40,39
<b>TOTAL</b> . . . . .		88,13,51	62,94,23	84,04,65	92,58,1



## Disbursements of the Central Government.

[In thousands of Rupees.]

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
<b>Deficit . . . . .</b>		6,52,80	13,84,55	17,27,32	35,06,84
<b>Capital Accounts not charged to Revenue—</b>					
Railway Capital (as shown in Railway Budget) . . . . .	C	2,31,32	8,75,11	3,57,80	24,12,99
Capital outlay on Posts and Telegraphs . . . . .	"	4,78,90	46,66	86,44	12,99
Capital Outlay on Vizagapatam Port . . . . .	"	4	1,50	65	1,50
Initial Expenditure on New Capital at Delhi . . . . .	"	13,21	0,50	33,63	24,16
Payments of Commuted Value of pensions . . . . .	"	—80,24	—15,57	—29,77	—28,15
<b>TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .</b>		6,93,23	9,17,20	4,28,76	24,23,49
<b>Debt, Deposits and Advances—</b>					
<b>Public Debt—</b>					
Permanent Debt (net) . . . . .	"	...	...	45,49,87	23,70,57
Floating Debt (net) . . . . .	"	...	31,50,00	...	...
Unfunded Debt (net) . . . . .	"	23,38,84	...	8,47,32	96,71
Deposits and Advances (net) . . . . .	"	22,50,65	...	...	...
<b>TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .</b>		45,89,49	31,50,00	53,97,19	24,67,58
<b>Remittances, etc (net) . . . . .</b>	"	14,10,28	7,50	11,00	...
<b>Transfer of Cash between England and India . . . . .</b>	"	...	...	...	...
<b>TOTAL DISBURSEMENTS . . . . .</b>		73,45,75	54,59,25	75,64,26	53,97,01
<b>Closing Balance . . . . .</b>		14,67,76	8,34,98	8,40,39	8,60,19
<b>TOTAL . . . . .</b>		88,13,51	62,94,23	84,04,65	92,57,10



## A.—Statement of the Revenue of the Central Government.

[In thousands of Rupees.]

HEADS OF REVENUE.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) Decrease (-) as compared with Revised, 1941-42.
					India.	England.	Total.	
<b>Principal Heads of Revenue—</b>								
I.—Customs. . . .	37,29,63	35,11,00	36,00,00	+89,00	35,35,00	...	35,35,00	—65,00
II.—Central Excise Duties	9,48,61	12,10,00	12,39,00	+20,00	12,65,00	...	12,65,00	+35,00
III.—Corporation Tax .	4,13,84	12,62,00	11,30,00	—1,32,00	21,69,00	—9	21,99,00	+10,69,00
IV.—Taxes on Income other than Corpora- tion Tax . . . .	17,63,34	23,00,00	24,74,00	+1,74,00	38,61,83	1,17	33,63,00	+8,89,00
V.—Salt . . . .	7,67,27	8,30,00	9,10,00	+80,00	9,00,00	...	9,00,00	—10,00
VI.—Opium . . . .	47,85	52,85	70,30	+17,45	52,00	30,00	82,00	+11,70
VII.—Land Revenue. .	18,11	18,83	19,87	+1,04	19,77	...	19,77	—10
VIII.—Provincial Excise .	26,73	26,08	30,16	+4,08	29,07	...	29,07	—1,09
IX.—Stamps . . . .	39,32	37,22	43,25	+6,03	42,00	...	42,00	—1,25
X.—Forest . . . .	23,14	22,47	23,64	+1,17	24,84	...	24,84	+1,20
XI.—Registration . .	94	96	1,14	+18	1,15	...	1,15	+1
XII.—Receipts under Motor Vehicles Acts . . .	4,23	3,81	4,33	+52	4,33	...	4,23	—10
XIII.—Other Taxes and Duties . . . .	1,66	1,60	2,00	+40	2,00	...	2,00	...
<b>TOTAL .</b>	<b>77,64,92</b>	<b>92,70,82</b>	<b>95,38,69</b>	<b>+2,61,87</b>	<b>1,14,35,98</b>	<b>31,08</b>	<b>1,14,67,06</b>	<b>+19,28,97</b>
<b>Irrigation—</b>								
XVII.—Works for which Capital Accounts are kept—Gross Receipts	4,66	4,03	4,27	+24	4,40	...	4,40	+13
Deduct—Working Expenses	3,46	3,29	3,46	—17	2,97	...	2,97	+49
Net Receipts .	1,40	74	81	+7	1,43	...	1,43	+62
XVIII.—Works for which no Capital Accounts are kept . . . .	15	10	14	+4	14	...	14	...
<b>TOTAL .</b>	<b>1,55</b>	<b>84</b>	<b>95</b>	<b>+11</b>	<b>1,57</b>	<b>...</b>	<b>1,57</b>	<b>+62</b>
<b>Posts and Telegraphs—</b>								
XIX.—Posts and Telegraphs— Gross Receipts . .	13,28,26	13,49,40	15,68,09	+2,18,60	16,77,00	...	16,77,00	+1,09,00
Deduct—Working Expenses	11,34,50	11,39,87	11,79,55	—39,98	11,66,14	18,41	11,84,55	—4,70
Net Receipts .	1,93,76	2,09,53	3,88,15	+1,78,62	5,10,86	—18,41	4,92,45	+1,04,30
Carried over .	79,80,23	94,87,19	99,27,79	+4,40,60	1,19,48,41	12,87	1,19,61,08	+20,33,39



A.—Statement of the Revenue of the Central Government—*contd.*

[In thousands of Rupees.]

HEADS OF REVENUE.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) Decrease (-) as compared with Revised, 1941-42.
					India.	England.	Total.	
Brought forward	79,80.23	94,87.19	99,27.79	+4,40.80	1,19,48.41	17.67	1,19,61.08	+20,33.29
<b>Debt Services—</b>								
XX.—Interest	76.77	61.29	61.54	+25	40.24	20.05	60.29	—1.25
<b>Civil Administration—</b>								
XXI.—Administration of Justice	1.48	1.67	1.72	+5	1.55	...	1.55	—17
XXII.—Jails and Convict Settlements	8.47	8.19	8.79	+60	8.79	...	8.79	...
XXIII.—Police	84	50	80	+30	64	...	64	—16
XXIV.—Ports and Pilotage	19.25	20.31	18.79	—1.52	19.61	...	18.61	—18
XXV.—Lighthouses and Lightships	7.80	8.24	7.95	—29	7.67	...	7.97	+2
XXVI.—Education	2.23	2.35	2.24	—11	2.61	...	2.61	+37
XXVII.—Medical	2.16	2.22	2.24	+2	2.41	...	2.41	+17
XXVIII.—Public Health	4.95	8.63	6.65	+8.02	6.29	...	6.29	—36
XXIX.—Agriculture	6.77	4.15	3.39	—76	4.39	...	4.39	+1.00
XXX.—Veterinary	4.03	4.84	3.98	—86	4.69	...	4.69	+71
XXXI.—Co-operation	35	...	1.47	+25	2.41	...	...	+94
XXXII.—Industries	1.55	1.31	2.30	+99	2.05	...	2.05	—25
XXXIII.—Aviation	14.55	14.00	17.00	+8.00	17.00	...	17.00	...
XXXIV.—Broadcasting	...	...	...	...	...	...	...	...
XXXV.—Indian Stores Department	20.18	18.28	7.26	—11.02	...	...	...	—7.26
XXXVI.—Miscellaneous Departments	19.99	21.80	20.23	—1.57	22.31	3	22.34	+1.11
<b>TOTAL</b>	<b>1,13.40</b>	<b>1,12.71</b>	<b>1,04.81</b>	<b>—7.90</b>	<b>1,01.72</b>	<b>3</b>	<b>1,01.75</b>	<b>—8.06</b>
<b>Currency and Mint—</b>								
XXXVII.—Currency	43.61	1,71.37	2,73.91	+1,02.54	2,73.98	...	2,73.98	+7
XXXVIII.—Mint	1,61.00	50.07	68.39	+18.32	61.52	...	61.52	—16.87
<b>TOTAL</b>	<b>1,94.61</b>	<b>2,21.44</b>	<b>3,42.30</b>	<b>+1,20.80</b>	<b>3,25.50</b>	<b>...</b>	<b>3,25.50</b>	<b>—16.80</b>
<b>Civil Works, etc.—</b>								
XXXIX.—Civil Works	35.84	28.45	33.36	+4.93	35.20	...	35.20	+1.63
<b>Miscellaneous—</b>								
XLII.—Receipts from Indian States	63.39	62.58	62.32	—26	63.14	...	63.14	+63
XLIV.—Receipts in aid of Superannuation	20.59	8.33	9.24	+91	7.66	38	8.04	—1.50
XLV.—Stationery and Printing	22.91	29.68	45.62	+15.74	61.83	10	62.03	+16.41
XLVI.—Miscellaneous	58.34	33.88	60.55	+26.67	81.31	2.98	84.29	—26.26
<b>TOTAL</b>	<b>1,05.23</b>	<b>1,34.67</b>	<b>1,77.73</b>	<b>+43.06</b>	<b>1,64.04</b>	<b>3.46</b>	<b>1,67.50</b>	<b>—10.23</b>
<b>Defence Services—</b>								
XLVII.—Defence Receipts—Effective	73.17	...	85.05	+85.05	1,50.00	...	1,50.00	+64.95
XLVIII.—Defence Receipts—Non-effective	46.06	44.14	46.43	+2.29	8.25	87.38	45.63	—80
<b>TOTAL</b>	<b>1,19.23</b>	<b>44.14</b>	<b>1,31.48</b>	<b>+87.34</b>	<b>1,58.25</b>	<b>87.38</b>	<b>1,95.63</b>	<b>+64.15</b>
<b>Contributions and Miscellaneous Adjustments between Central and Provincial Governments—</b>								
L.—Miscellaneous adjustments between Central and Provincial Governments	...	...	...	...	...	...	...	...
<b>Extraordinary Items—</b>								
LI.—Extraordinary Receipts	2,24.59	2,24.56	2,24.57	+1	2,24.56	...	2,24.56	—1
LII.—Receipts connected with the War, 1939.	48.10	80.96	2,46.34	+1,65.38	3,60.43	...	3,80.43	+1,34.09
LIIA.—Transfer from Revenue Reserve Fund	7,77.16	...	...	...	...	...	...	...
<b>TOTAL</b>	<b>10,40.86</b>	<b>3,06.52</b>	<b>4,70.91</b>	<b>+1,65.39</b>	<b>6,04.99</b>	<b>...</b>	<b>6,04.99</b>	<b>+1,34.08</b>
<b>Railway Revenues as per Railway Budget</b>	<b>47,75.53</b>	<b>41,09.42</b>	<b>55,47.16</b>	<b>+14,37.74</b>	<b>57,09.49</b>	<b>—13.36</b>	<b>56,96.13</b>	<b>+1,48.97</b>
<b>TOTAL REVENUE</b>	<b>1,45,12.93</b>	<b>1,45,04.83</b>	<b>1,67,97.10</b>	<b>+22,92.27</b>	<b>1,90,57.84</b>	<b>80.23</b>	<b>1,91,48.07</b>	<b>+23,50.97</b>



## B.—Statement of the Expenditure charged to Revenue of the Central Government.

[In thousands of Rupees.]

HEADS OF EXPENDITURE.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) Decrease (-) as compared with Revised, 1941-42.
					India.	England.	Total.	
<b>Direct Demands on the Revenue—</b>								
1.—Customs . . . . .	82,53	89,88	92,11	+2,23	91,60	31	91,91	-20
2.—Central Excise Duties . .	30,38	68,08	81,02	+12,94	94,21	...	94,21	+13,19
3.—Corporation Tax . . . .	12,62	28,95	21,33	-5,62	32,42	...	32,42	+11,09
4.—Taxes on Income other than Corporation Tax . . . . .	60,43	57,06	62,90	+5,84	52,87	89	53,26	-9,64
5.—Salt . . . . .	1,01,41	95,10	98,16	+3,06	1,08,04	18	1,06,22	+8,06
6.—Opium . . . . .	23,38	27,00	24,91	-2,09	48,00	30	48,90	+23,99
7.—Land Revenue . . . . .	5,55	7,74	8,32	+58	8,37	5	8,42	+10
8.—Provincial Excise . . . .	5,43	6,11	5,86	-25	6,20	...	6,20	+24
9.—Stamps . . . . .	26,64	27,52	34,58	+7,06	28,19	1,90	30,09	-4,49
10.—Forest . . . . .	23,78	27,53	27,54	+1	28,04	68	28,72	+1,18
11.—Registration . . . . .	10	10	11	+1	12	..	12	+1
12.—Charges on account of Motor Vehicles Acts . . . .	2,77	2,74	3,10	+36	3,12	..	3,12	+2
13.—Other Taxes and Duties .	8	6	4	-2	4	..	4	...
<b>TOTAL</b>	<b>3,81,54</b>	<b>4,35,57</b>	<b>4,59,98</b>	<b>+24,11</b>	<b>4,99,62</b>	<b>3,81</b>	<b>5,03,63</b>	<b>+43,65</b>
<b>Capital Outlay on Salt Works charged to Revenue—</b>								
5A.—Capital Outlay on Salt Works	46	21	25	+4	-14	53	44	+19
<b>Revenue Account of Irrigation Works—</b>								
17.—Interest on Works for which Capital Accounts are kept .	7,04	6,98	7,01	+3	6,79	..	6,79	-22
18.—Other Revenue Expenditure	1,78	2,40	2,37	-3	2,07	9	2,16	-21
<b>TOTAL</b>	<b>8,82</b>	<b>9,38</b>	<b>9,38</b>	<b>...</b>	<b>8,86</b>	<b>9</b>	<b>8,95</b>	<b>-43</b>
<b>Capital Account of Irrigation, etc., Works charged to Revenue—</b>								
19.—Construction of Irrigation Works financed from Ordinary Revenues . . . .	32	33	46	+13	18	..	18	-28
<b>Posts and Telegraphs Revenue Account—</b>								
20.—Posts and Telegraphs—Interest on Debt . . . . .	68,95	69,58	69,49	-9	69,38	..	69,38	-11
<b>Posts and Telegraphs Capital Account charged to Revenue—</b>								
21.—Capital Outlay on Posts and Telegraphs . . . . .	47	12	25	+13	1,47	..	1,47	+1,23
<b>Carried over</b>	<b>4,00,56</b>	<b>5,15,49</b>	<b>5,39,31</b>	<b>+24,32</b>	<b>5,79,57</b>	<b>4,48</b>	<b>5,84,05</b>	<b>+44,24</b>



B.—Statement of the Expenditure charged to Revenue of the Central Government—  
*contd.*

[In thousands of Rupees.]

HEADS OF EXPENDITURE.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Increase (+) Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) Decrease (-) as compared with Revised, 1941-42.
					India.	England.	Total	
Brought forward	4,00,50	5,15,40	5,30,81	+24,32	5,70,57	4,48	5,84,05	+41,24
<b>Debt Services—</b>								
22.—Interest on Debt and other Obligations.	43,77,59	43,10,58	40,09,09	-3,01,40	33,03,44	7,89,96	41,53,39	+1,44,30
<b>Deduct—Interest transferred to—</b>								
Railways	27,69,34	27,62,93	27,63,27	-34	25,75,31	1,81,60	27,57,41	+5,56
Irrigation	7,04	6,98	7,01	-3	6,79	...	6,79	+22
Posts and Telegraphs	69,00	90,00	1,00,74	-10,68	89,11	...	89,11	+11,03
Other Commercial Departments	6,74	7,17	7,50	-33	7,38	...	7,38	-38
Provincial Governments	6,23,71	6,16,32	5,12,80	+3,52	5,01,03	...	5,01,03	+11,77
Commuted Value of Pensions	22,83	21,37	21,20	+17	19,43	...	19,43	+1,77
Total transfers	33,99,16	34,04,83	34,12,52	-7,69	32,00,05	1,81,60	33,81,65	+80,87
Net	9,78,43	9,05,75	5,96,57	-3,09,18	1,03,39	6,08,35	7,71,74	+1,75,17
23.—Appropriation for Reduction or Avoidance of Debt.	3,00,00	3,00,00	3,00,00	...	3,00,00	...	3,00,00	...
<b>TOTAL</b>	<b>12,78,43</b>	<b>12,05,75</b>	<b>8,96,57</b>	<b>-3,09,18</b>	<b>4,63,39</b>	<b>6,08,35</b>	<b>10,71,74</b>	<b>+1,75,17</b>
<b>Civil Administration—</b>								
25.—General Administration	2,02,74	2,08,20	2,17,50	+9,30	1,99,90	45,58	2,45,48	+27,98
26.—Audit	90,13	97,07	94,15	-3,82	98,41	1,91	95,32	+1,17
27.—Administration of Justice	8,57	9,43	9,37	-9	8,93	30	9,23	-14
28.—Jails and Convict Settlements	31,81	32,59	33,59	+1,00	34,37	26	34,62	+1,08
29.—Police	42,27	66,78	72,17	+5,39	60,59	32	61,21	-10,96
30.—Ports and Pilotage	23,59	23,26	24,16	+90	22,96	1,71	24,67	+51
31.—Lighthouses & Lightships	7,75	8,24	7,95	-29	7,97	...	7,97	+2
32.—Ecclesiastical	20,14	6,67	6,33	-34	2,07	4,44	6,51	+18
33.—Payments to Crown Representative	1,35,34	1,37,09	1,35,84	-1,45	1,31,40	7,17	1,38,66	+3,02
34.—Tribal Areas	2,15,06	2,36,46	2,53,09	+16,63	2,47,08	97	2,48,05	-5,04
35.—External Affairs	70,21	66,64	74,89	+8,25	69,65	9,68	79,23	+4,94
36.—Scientific Departments	68,50	69,34	69,25	-9	65,02	3,48	68,50	-75
37.—Education	28,66	27,90	28,45	+55	31,90	15	32,05	+3,60
38.—Medical	22,41	24,00	21,68	-2,32	23,78	59	24,37	+2,69
39.—Public Health	31,17	17,45	17,16	-29	15,93	62	16,55	-61
40.—Agriculture	44,13	54,04	79,11	+25,07	2,60,78	64	2,61,42	+1,85,31
41.—Veterinary	9,20	9,90	9,50	-40	10,26	51	10,79	+1,29
42.—Co-operation	65	67	67	...	70	...	70	+3
43.—Industries	11,74	18,80	21,18	+2,33	23,08	15	23,83	+2,70
44.—Aviation	79,09	1,02,62	1,00,40	-2,22	1,23,22	75	1,23,97	+23,67
45.—Broadcasting	30,24	50,04	49,28	-76	58,82	11	58,93	+9,65
46.—Indian Stores Department	20,28	16,89	4,69	-12,20	...	...	...	-1,69
47.—Miscellaneous Departments	39,02	26,30	29,08	+2,72	24,68	50	25,18	-3,90
<b>TOTAL</b>	<b>12,43,49</b>	<b>13,11,43</b>	<b>13,59,24</b>	<b>+47,81</b>	<b>15,17,61</b>	<b>79,73</b>	<b>15,97,24</b>	<b>+2,36,00</b>
<b>Civil Administration—</b>								
<b>Capital Account—</b>								
44A.—Capital outlay on Civil Aviation	...	...	...	...	-10	10	...	...
45A.—Capital outlay on Broadcasting	...	...	...	...	-97	97	...	...
<b>TOTAL</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>-1,07</b>	<b>1,07</b>	<b>...</b>	<b>...</b>
Carried over	29,82,48	30,32,67	27,95,62	-2,37,05	25,59,40	6,93,63	32,53,03	+4,57,41



**B.—Statement of the Expenditure charged to Revenue of the Central Government—*concl'd.***

[In thousands of Rupees.]

HEADS OF EXPENDITURE.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Increase (+) or Decrease (-) as compared with Budget, 1941-42.	Budget Estimate, 1942-43.			Increase (+) or Decrease (-) as compared with Revised, 1941-42.
					India.	England.	Total.	
Brought forward . . . . .	20,82,45	30,32,87	27,95,62	-2,37,05	26,59,40	6,93,03	32,53,03	+4,57,41
<b>Currency and Mint—</b>								
45.—Currency . . . . .	49,55	24,23	47,68	+21,45	27,02	94,35	61,27	+13,69
49.—Mint . . . . .	49,32	70,98	1,02,89	+31,91	80,69	5,19	91,88	-11,01
<b>TOTAL</b> . . . . .	98,87	97,31	1,50,57	+53,36	1,13,71	99,54	1,53,25	+2,89
<b>Civil Works, etc.—</b>								
50.—Civil Works . . . . .	2,96,73	3,75,63	3,88,00	+12,17	3,25,16	62	3,25,68	-62,32
<b>Miscellaneous—</b>								
54.—Famine . . . . .	38,83	..	5	+5	7,00	..	7,00	+6,85
55.—Superannuation Allowances and Pensions . . . . .	2,05,68	2,08,82	2,10,89	+2,07	74,85	1,35,27	2,10,12	-77
56.—Stationery and Printing . . . . .	43,40	34,02	67,10	+33,08	1,04,32	9,83	1,13,85	+6,75
57.—Miscellaneous . . . . .	26,37	37,42	1,29,62	+92,20	20,51	2,29	28,80	-1,00,82
<b>TOTAL</b> . . . . .	3,09,28	2,80,26	4,07,66	+1,27,40	2,12,68	1,47,09	3,59,77	-47,80
<b>Miscellaneous Capital Out- lay charged to Revenue—</b>								
56-A.—Commutation of Pensions financed from Ordinary Re- venues . . . . .	9,29	1,78	3,31	+1,53	3,61	..	3,61	+80
<b>Defence Services—</b>								
58.—Defence Services—Effective . . . . .	65,96,69	75,71,15	94,88,63	+19,17,48	1,25,66,62	21,95	1,26,08,57	+51,19,94
59.—Defence Services—Non- effective . . . . .	8,83,95	8,65,51	8,87,80	+2,29	4,07,62	4,70,38	8,87,00	-80
60.—Transfers to Defence Reserve Fund . . . . .	..	..	..	..	..	..	..	..
<b>TOTAL</b> . . . . .	74,80,64	84,36,66	1,03,76,43	+19,19,77	1,29,74,24	5,01,33	1,34,95,57	+51,19,14
<b>Contributions and Miscel- laneous Adjustments between Central and Pro- vincial Governments—</b>								
61.—Grants-in-aid to Provincial Governments . . . . .	3,03,63	3,03,00	3,03,00	..	2,76,00	..	2,76,00	-27,00
62.—Miscellaneous Adjust- ments between the Central and Provincial Governments . . . . .	1,34	1,47	1,35	-12	1,28	..	1,28	-7
<b>TOTAL</b> . . . . .	3,04,77	3,04,47	3,04,35	-12	2,77,28	..	2,77,28	-27,07
<b>Extraordinary Items—</b>								
63.—Extraordinary charges . . . . .	4,10	3,20	2,98	-22	2,20	..	2,20	-78
64.—Expenditure connected with the War, 1939 . . . . .	1,16,16	2,46,30	4,60,86	+2,14,56	6,82,95	13,75	6,96,70	+2,35,64
64-A.—Transfers to Revenue Reserve Fund . . . . .	..	..	..	..	..	..	..	..
64-B.—Civil Defence . . . . .	..	..	..	..	4,04,37	1	4,04,38	+4,04,38
<b>TOTAL</b> . . . . .	1,22,26	2,49,50	4,63,84	+2,14,34	10,69,62	13,76	11,03,28	+6,89,44
<b>Railway Expenditure as per Railway Budget . . . . .</b>	85,59,16	80,91,00	36,34,64	+5,48,64	34,12,97	2,70,47	36,83,44	+48,80
<b>TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .</b>	1,51,65,48	1,58,69,38	1,85,24,43	+26,35,04	2,09,68,67	16,66,34	2,26,54,91	+41,30,49



## C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Revenue (from Statement A)	1,45,12,68	1,45,01,83	1,67,97,10	1,91,48,07
<b>Railway Capital not charged to Revenue.</b>	...	..	..	...
<b>Public Debt—</b>				
<b>A.—Debt raised in India—</b>				
<b>I. Permanent Debt—</b>				
5 per cent. Loan, 1942-47	6,08,00	42,50,00	1,17,17,00	1,00,00,00
4½ per cent. Loan, 1950-55	33,81,11			
4½ per cent. Loan, 1958-68	13,74,88			
4 per cent. Loan, 1948-53	10,58,72			
3½ per cent. Loan, 1842-43	2,65,00			
3½ per cent. Loan, 1865	1,97,00			
3½ per cent. Loan, 1900-01	68,00			
3½ per cent. Loan, 1954-59	9,80,29			
3 per cent. Loan, 1949-52	13,55,74			
3 per cent. Loan, 1896-97	3,10,00			
3 per cent. Defence Bonds, 1946	45,14,31			
Three year Interest—Free Defence Bonds	2,33,71			
<b>TOTAL</b>	1,43,39,74	42,50,00	1,17,17,00	1,00,00,00
<b>II.—Floating Debt—</b>				
Treasury Bills	2,42,08,75	2,00,04,00	3,43,00,00	3,65,09,00
Other Floating Loans	52,00,00	30,00,00	70,50,00	70,00,00
<b>TOTAL</b>	2,94,08,75	2,30,04,00	4,13,50,00	4,35,09,00
<b>Carried over</b>	5,82,61,17	4,17,58,83	6,98,64,10	7,26,57,07



## C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Expenditure from Statement (B) . . . .	1,51,65,48	1,58,89,38	1,85,24,42	2,26,54,91
<b>Capital Accounts not charged to Revenue—</b>				
POSTS AND TELEGRAPHS . . . . .	4,78,90	46,66	36,44	12,99
VIZAGAPATAM PORT . . . . .	4	1,50	65	1,50
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI . . . . .	13,21	9,50	33,63	24,16
PAYMENTS OF COMMUTED VALUE OF PENSIONS . . . . .	—30,24	—15,57	—29,77	—28,15
<b>TOTAL . . . . .</b>	<b>4,61,91</b>	<b>42,09</b>	<b>40,95</b>	<b>10,50</b>
<b>RAILWAY CAPITAL NOT CHARGED TO REVENUE (AS SHOWN IN RAILWAY BUDGET)</b>	<b>2,31,32</b>	<b>8,75,11</b>	<b>8,87,80</b>	<b>24,12,99</b>
<b>Public Debt—</b>				
<b>A.—Debt raised in India—</b>				
<b>I.—Permanent Debt—</b>				
5½ per cent. Loan, 1938-40 . . . . .	5,22	10,57,00	58,39,47	40,60
5 per cent. Loan, 1939-44 . . . . .	9,93			
5 " " " 1940-43 . . . . .	19,29,80			
6½ per cent. Treasury Bonds, 1935 . . . . .	81			
6 per cent. Bonds . . . . .	1,16			
5½ per cent. War Bonds . . . . .	2,70			
5 per cent. Loan, 1929-47 . . . . .	97			
5 per cent. Bonds, 1935 . . . . .	16			
5 per cent. " 1933 . . . . .	10			
4½ per cent. Bonds, 1934 . . . . .	3			
4 per cent. Loans . . . . .	5			
3½ per cent. Loans . . . . .	9			
3 per cent. Loans . . . . .	3,12			
Three year Interest-free Defence Bonds . . . . .	10			
<b>TOTAL . . . . .</b>	<b>19,54,24</b>	<b>10,57,00</b>	<b>58,39,47</b>	<b>40,00</b>
<b>II.—Floating Debt—</b>				
Treasury Bills . . . . .	2,27,89,00	2,11,54,00	3,27,00,00	3,35,59,00
Other Floating Loans . . . . .	36,00,00	50,00,00	86,50,00	70,00,00
<b>TOTAL . . . . .</b>	<b>2,63,89,00</b>	<b>2,61,54,00</b>	<b>4,13,50,00</b>	<b>4,05,59,00</b>
<b>Carried over . . . . .</b>	<b>4,42,01,95</b>	<b>4,40,17,58</b>	<b>6,61,42,64</b>	<b>6,56,77,40</b>



## C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Brought forward .	5,82,61,17	4,17,58,83	6,98,64,10	7,26,57,07
<b>B.—Debt raised in England—</b>				
<b>Permanent Debt</b> . . . . .	...	...	...	1,30,00
<b>TOTAL</b> .	...	...	...	1,30,00
<b>Unfunded Debt—</b>				
Deposits of Service Funds . . . . .	25,28	24,81	25,24	24,56
Post Office Savings Bank Deposits . . . . .	26,27,68	24,89,50	22,83,26	24,26,20
Defence Savings Bank Deposits . . . . .	...	...	11,03	13,03
Post Office Cash Certificates . . . . .	4,89,01	4,00,00	4,00,00	4,50,00
Defence Savings Certificates . . . . .	2,41,16	3,74,00	2,81,00	3,05,00
State Provident Funds . . . . .	9,72,23	10,10,59	10,13,75	10,26,88
Other Accounts . . . . .	1,29,09	1,34,30	1,32,00	1,33,97
<b>TOTAL</b> .	44,84,45	44,33,20	41,46,28	43,79,73
<b>Deposits and Advances—</b>				
<i>Deposits bearing interest.</i>				
Renewals Reserve Fund—Posts and Tele- graphs . . . . .	23,05	25,00	25,00	25,00
Other Reserve Funds . . . . .	3,56	4,03	3,69	3,39
<i>Deposits not bearing interest.</i>				
Appropriation for Reduction or Avoidance of Debt—				
Sinking Funds . . . . .	95,04	95,04	95,04	95,04
Other Appropriations . . . . .	2,04,96	2,04,96	2,04,96	2,04,96
Deposits and Advances—Carried over .	3,26,61	3,29,03	3,28,69	3,28,39
Carried over .	6,27,45,62	4,61,92,03	7,40,10,38	7,71,66,80



## C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Brought forward	4,42,01,95	4,40,17,58	6,61,42,64	6,56,77,40
<b>B.—Debt raised in England—</b>				
<b>Permanent Debt—</b>				
India 5 per cent. Loan, 1942-47	6,02,91	8,00,00	1,01,00,31	1,21,23,37
India 4½ do. 1950-55	83,77,17			
India 4½ do. 1958-68	13,75,01			
India 4 do. 1948-53	10,55,34			
India 3½ do. 1954-59	9,74,83			
India 3½ do. 1981	4,83,00			
India 3 do. 1949-52	9,71,22			
India 8 do. 1948	3,10,00			
India 2½ per cent. Stock	85,80			
State Railway Annuities	2,90,08	3,00,27	3,00,27	3,10,83
Do. Sinking Funds	24,32	28,60	26,82	26,67
<b>TOTAL</b>	<b>95,29,68</b>	<b>11,28,87</b>	<b>1,04,27,40</b>	<b>1,24,60,87</b>
<b>Unfunded Debt—</b>				
Special Loans	5	5	5	5
Deposits of Service Funds	34,73	36,96	34,11	38,56
Post Office Savings Bank Deposits	45,08,70	22,89,50	30,00,00	26,50,00
Defence Savings Bank Deposits	...	...	8	3
Post Office Cash Certificates	14,93,04	10,00,00	11,00,00	9,50,00
Defence Savings Certificates	11,59	24,00	51,00	55,00
State Provident Funds	6,90,40	6,62,61	7,10,34	6,91,77
Other Accounts	84,78	87,40	98,07	96,08
<b>TOTAL</b>	<b>68,23,29</b>	<b>41,00,52</b>	<b>49,98,60</b>	<b>44,76,44</b>
<b>Deposits and Advances—</b>				
<i>Deposits bearing interest.</i>				
Renewals Reserve Fund—Posts and Telegraphs	26,40	26,52	31,18	36,17
Other Reserve Funds	1,23	79	1,01	53
<i>Deposits not bearing interest.</i>				
Appropriation for Reduction or Avoidance of Debt—				
Sinking Funds	...	...	...	...
Other Appropriations	...	...	...	...
<b>Deposits and Advances—Carried over</b>	<b>27,68</b>	<b>27,31</b>	<b>32,19</b>	<b>36,70</b>
<b>Carried over</b>	<b>6,05,54,92</b>	<b>4,92,41,97</b>	<b>8,15,68,64</b>	<b>8,28,14,71</b>



## C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.*	Budget Estimate, 1942-43.
Brought forward . . . . .	6,27,45,62	4,61,92,03	7,40,10,38	7,71,66,80
Deposits and Advances—Brought forward.	3,26,61	3,29,03	3,28,69	3,28,39
<b>Deposits and Advances—concl'd.</b>				
Silver Redemption Reserve . . . . .	43,55	20,00	20,00	20,00
Civil Aviation Fund . . . . .	3,63	2,15	2,15	3,20
Central Road Fund . . . . .	1,64,04	2,07,00	2,05,00	1,28,00
Fund for Economic Development and Improvement of Rural Areas . . . . .	...	...	...	...
Fund for Development of Civil Aviation . . . . .	25,00	35,00	35,00	61,00
War Risks (Goods) Insurance Fund . . . . .	30,31	68,00	2,04,57	3,24,06
Fund for Special Frontier Expenditure including Development . . . . .	15,02	29,99	30,00	26,50
Fund for Development of Broadcasting . . . . .	...	17,00	17,00	22,00
Fund for Benefit of Cotton-growers . . . . .	...	...	25,00	2,00,00
Sugar Excise Fund . . . . .	9,94	11,05	13,89	13,42
Fund for Relief of Groundnut Cultivators . . . . .	...	...	9,00	4,00
Panth Piploka Reserve Fund . . . . .	15	...	...	...
Telephone Development Fund . . . . .	4,75,00	...	...	...
Depreciation and Renewals Reserve Funds—				
Defence Department . . . . .	...	...	...	...
Other Depreciation Reserve Funds . . . . .	1,22	1,26	1,67	1,59
General Police Fund . . . . .	16	13	...	...
Deposits of Local Funds—				
District Funds . . . . .	6,57	6,80	6,57	6,57
Municipal, Cantonment and other Funds . . . . .	1,66,51	1,60,98	1,73,02	1,72,28
Deposits of Branch Line Companies . . . . .	1,32	1,55	1,40	1,06
Civil Deposits . . . . .	39,25,11	40,95,70	57,43,99	64,60,44
Other Deposits . . . . .	24,37,55	31,92,46	37,25,32	44,17,34
Other Accounts . . . . .	25,66	33,36	42,95	40,95
<i>Advances not bearing interest.</i>				
Accounts with the Government of Burma . . . . .	14,31,21	2,92,41	1,69,80	1,60,00
Accounts with the Reserve Bank . . . . .		49,99	26,28	25,09
Other Advances . . . . .		10,16,54	47,86,38	60,60,73
<i>Suspense.</i>				
Suspense Accounts . . . . .	1,96,97*	8,97,21	30,26,52	14,90,23
Purchases and Sales of Silver . . . . .	19,93,51	9,95,79	14,84,63	11,24,13
Value of notes issued . . . . .	10,00,00	...	...	...
Cheques and Bills . . . . .	...	53	7	57
Departmental and Similar Accounts . . . . .	...	60	1,16	1,06
<i>Miscellaneous.</i>				
Miscellaneous . . . . .	2,78,75	2,06,40	3,22,82	3,29,90
<b>TOTAL</b>	1,25,63,79	1,16,65,76	2,04,02,86	2,14,12,59
Railway Depreciation and Reserve Funds as per Railway Budget . . . . .	18,95,47	14,32,84	20,65,72	20,49,48
<b>Carried over</b>	7,72,04,88	5,92,90,63	9,64,78,96	10,06,28,87

\*Includes figures under 'Cheques and Bills' and 'Departmental and Similar Accounts'.



## C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Brought forward . . . . .	6,05,54.92	4,92,41.97	8,15,63.64	8,26,14.71
Deposits and Advances—Brought forward . . . . .	27.63	27.31	32.19	36.70
<b>Deposits and Advances—concd.</b>				
Silver Redemption Reserve . . . . .	43.54	20.00	20.00	20.00
Revenue Reserve Fund . . . . .	7,77.16	...	...	...
Civil Aviation Fund . . . . .	4.03	2.00	2.33	3.00
Central Road Fund . . . . .	1,86.56	2,34.00	2,98.00	1,92.00
Fund for Economic Development and Im- provement of Rural Areas . . . . .	23.12	21.00	22.51	20.00
Fund for Development of Civil Aviation . . . . .	14.42	29.76	40.49	73.86
War Risks (Goods) Insurance Fund . . . . .	35	1.53	5.59	4.68
Fund for Special Frontier Expenditure including Development . . . . .	2.18	2.32	19.47	21.87
Fund for Development of Broadcasting . . . . .	3.13	22.06	21.33	23.51
Fund for Benefit of Cotton-growers . . . . .	...	...	...	2,00.00
Sugar Excise Fund . . . . .	14.13	11.10	12.32	11.55
Fund for Relief of Groundnut Cultivator . . . . .	...	...	3.00	8.00
Panth Piploa Reserve Fund . . . . .	15	...	...	...
Telephone Development Fund . . . . .	4,94.39	19.82	19.82	60.62
Depreciation and Renewals Reserve Funds—				
Defence Department . . . . .	...	...	...	...
Other Depreciation Reserve Funds . . . . .	47	2.11	2.23	1.52
General Police Fund . . . . .	29	10	25	...
Deposits of Local Funds—				
District Funds . . . . .	5.79	6.60	6.63	6.57
Municipal, Cantonment and other Funds . . . . .	1,71.44	1,60.02	1,76.93	1,75.87
Deposits of Branch Line Companies . . . . .	1.95	1.65	1.75	90
Civil Deposits . . . . .	39,08.09	40,84.43	56,82.01	57,08.04
Other Deposits . . . . .	23,34.97	31,58.36	34,78.59	40,54.56
Other Accounts . . . . .	21.11	32.06	39.80	37.61
<b>Advances not bearing interest.</b>				
Accounts with the Government of Burma . . . . .	20,35.60	3,16.50	1,83.20	1,70.00
Accounts with the Reserve Bank . . . . .		49.49	27.53	26.24
Other Advances . . . . .		10,25.98	48,04.62	61,80.47
<b>Suspense.</b>				
Suspense Accounts . . . . .	36,88.27*	1,19.11	1,55.20	65.19
Purchases and Sales of Silver . . . . .	7,13.45	59.17	82.00	57.10
Value of notes issued . . . . .	55.54	...	...	...
Cheques and Bills . . . . .	...	...	89	1
Departmental and Similar Accounts . . . . .	...	2.63	10.41	2.11
<b>Miscellaneous.</b>				
Miscellaneous . . . . .	2,86.68	2,05.97	3,22.67	3,30.30
<b>TOTAL</b> . . . . .	1,48,14.44	96,10.08	1,54,71.81	1,74,92.28
Railway Depreciation and Reserve Funds as per Railway Budget . . . . .	8,04.11	6,80.00	5,12.00	7,00.00
Carried over . . . . .	7,61,73.47	5,95,32.05	9,75,47.45	10,08,06.99

\* Includes figures under 'Cheques and Bills' and 'Departmental and Similar Accounts'.



## C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1940-41.	Budget Estimate, 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Brought forward	7,72,04,88	5,92,90,63	9,64,78,96	10,06,28,87
<b>Loans and Advances by the Central Government—</b>				
Advances to Provincial Governments	2,27,28	2,14,04	2,33,76	2,38,43
Advances to His Majesty's Representative for loans to Indian States and Notabilities	1,13	5,70	6,42	6,07
Loans to Indian States	70,77	58,06	88,33	66,77
Loans to Local Funds, etc.	31,02	52,72	52,94	32,56
Loans to Government Servants	5,66	2,30	1,85	2,55
<b>TOTAL</b>	<b>3,35,86</b>	<b>3,32,82</b>	<b>3,78,30</b>	<b>3,46,38</b>
<b>Remittances—</b>				
<b>I.—Remittances within India—</b>				
Inland Money Orders	89,27,81	88,80,50	97,40,67	99,50,00
Other Remittances	42,21	2,11,70	4,82,86	4,60,77
Account with Provinces (net)	...	...	4,00	...
Accounts between Civil and other Departments—				
Exchange Accounts between Civil and Posts and Telegraphs.	36,25,33	4,76,97	17,21,56	8,33,44
Exchange Accounts between Civil and Defence Services.	1,16,71,24	1,47,22,64	2,68,96,91	4,94,69,09
<b>II.—Remittances between England and India—</b>				
Remittance Account between England and India—				
Purchases and Sales of Silver	...	1,44,00	3,13,51	1,33,34
Other transactions	1,73,67,53	82,34,44	2,28,08,59	4,09,12,12
<b>TOTAL</b>	<b>4,16,34,12</b>	<b>3,26,70,25</b>	<b>6,19,68,10</b>	<b>10,17,58,76</b>
<b>Transfer of Cash between Eng- land and India—</b>				
Remittances through the Reserve Bank	75,62,55	34,34,49	72,36,11	2,18,63,40
Reserve Bank Deposits: Railways	...	27,46,94	42,53,35	33,77,89
<b>TOTAL RECEIPTS</b>	<b>12,67,37,41</b>	<b>9,84,75,13</b>	<b>17,03,04,82</b>	<b>22,79,75,30</b>
<b>Opening Balance</b>	<b>16,62,05</b>	<b>8,56,03</b>	<b>14,67,76</b>	<b>8,40,39</b>
<b>GRAND TOTAL</b>	<b>12,83,99,46</b>	<b>9,93,31,16</b>	<b>17,17,72,58</b>	<b>22,88,15,69</b>



## C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1940-41.	Budget Estimate. 1941-42.	Revised Estimate, 1941-42.	Budget Estimate, 1942-43.
Brought forward	7,61,73,47	5,95,32,05	9,75,47,45	10,08,06,99
<b>Loans and Advances by the Central Government—</b>				
Advances to Provincial Governments	1,03.41	42.35	77.17	1,01.75
Advances to His Majesty's Representative for loans to Indian States and Notabilities . . . . .	15.58	11.92	11.25	6.93
Loans to Indian States . . . . .	...	...	3.00	...
Loans to Local Funds, etc. . . . .	35.42	50.31	29.31	49.02
Loans to Government Servants . . . . .	25	87	5.45	4.26
<b>TOTAL</b>	1,54,66	1,04,95	1,26,18	1,61,96
<b>Remittances—</b>				
<b>I.—Remittances within India—</b>				
Inland Money Orders . . . . .	89,09,93	88,87,50	97,50,67	99,35,00
Other Remittances . . . . .	2,51,42	2,12,20	4,87,86	4,62,27
<b>Accounts between Civil and other Depart- ments—</b>				
Exchange Accounts between Civil and Posts and Telegraphs	36,19,25	4,76,97	17,21,56	8,33,44
Exchange Accounts between Civil and Defence Services . . . . .	1,14,51,22	1,47,22,64	2,68,96,91	4,94,69,09
<b>II.—Remittances between England and India—</b>				
Remittance Account between England and India—				
Purchases and Sales of Silver . . . . .	...	1,44,00	3,18,51	1,33,54
Other transactions . . . . .	1,88,12,53	82,34,44	2,28,08,59	4,09,12,12
<b>TOTAL</b>	4,30,44,35	3,26,77,75	6,19,79,10	10,17,45,26
<b>Transfer of Cash between Eng- land and India—</b>				
Remittances through the Reserve Bank . . . . .	75,50,22	34,34,49	70,26,11	2,18,63,40
Reserve Bank Deposits: Railways . . . . .	...	27,46,94	42,53,35	33,77,89
<b>TOTAL DISBURSEMENTS</b>	12,69,31,70	9,84,96,18	17,09,32,19	22,79,55,50
<b>Closing Balance</b>	14,67,76	8,34,08	8,40,89	8,60,19
<b>GRAND TOTAL</b>	12,83,99,46	9,93,31,16	17,17,72,58	22,88,15,69



*A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged.*

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged ;

It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Finance Act, 1942. Short title and extent.

(2) It extends to the whole of British India.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1942, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. Fixation of salt duty.

3. In sub-section (1) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words " twelve annas " the words " fifteen annas " shall be substituted. Excise duty on motor spirit.

4. In the proviso to section 5 of the Indian Finance Act, 1922, for the words " of two annas and three pies " the words " at which customs-duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force " shall be substituted. Excise duty on kerosene.

XXXII of 1934.



Excise duty on  
silver.

5. In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "three annas" the words "three annas and seven and one-fifth pies" shall be substituted. the XVIII of 1930.

Additional cus-  
toms duties.

6. Where any goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934, or under the said Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall up to the 31st day of March, 1943, be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-fifth of such amount : XXXII of 1934.

Provided that such addition of duty shall not be levied and collected on—

- (a) salt comprised in Item No. 25 (1) of the said Schedule ;
- (b) motor spirit comprised in Item No. 27 (6) of the said Schedule ;
- (c) raw cotton comprised in Item No. 46 (3) of the said Schedule, so long as the additional duty of customs imposed by the Cotton Fund Ordinance, 1942, continues to be leviable ; Ord. VIII of 1942.
- (d) the following, when the Customs-collector is satisfied that they are the produce or manufacture of Burma, namely :—
  - (i) potatoes and onions comprised in Item No. 7 of the said Schedule,
  - (ii) coffee comprised in Item No. 9 of the said Schedule,
  - (iii) spices comprised in Item No. 9 (3) of the said Schedule,
  - (iv) betelnuts comprised in Item No. 9 (5) of the said Schedule,
  - (v) cutch and gambier comprised in Item No. 13 (2) of the said Schedule,
  - (vi) sugar excluding confectionery comprised in Item No. 17 of the said Schedule,
  - (vii) cigars comprised in Item No. 24 (1) of the said Schedule,
  - (viii) matches comprised in Item No. 34 (4) (a) of the said Schedule.

Inland postage  
rates.

7. For the year beginning on the 1st day of April, 1942, the Schedule contained in Schedule I to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Income-tax  
and super-tax.

8. (1) Subject to the provisions of sub-sections (2) and (3),—

- (a) income-tax for the year beginning on the 1st day of April, 1942, shall be charged at the



rates specified in Part I of Schedule II increased in the cases to which sub-paragraph (b) of paragraph A and paragraph B of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of income-tax, and

- (b) rates of super-tax for the year beginning on the 1st day of April, 1942, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of Schedule II increased in the cases to which paragraphs A, B and C of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of super-tax.

XI of 1922.

(2) In making any assessment for the year ending on the 31st day of March, 1943,—

- (a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" or under the head "Interest on Securities" or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1941, on his total income the same proportion as the amount of such inclusions bears to his total income ;

XI of 1922.

VII of 1941.

- (b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1941, on his total income the same proportion as the amount of such inclusions bears to his total income.

XI of 1922.

VII of 1941.

(3) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference

XI of 1922.



to the rates imposed by sub-section (1) of this section, and in accordance with the provisions of sub-section (2) of this section where applicable.

(4) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (2) no tax shall be payable in cases to which sub-paragraph (a) of paragraph A of Part I of Schedule II applies where the assessee deposits with the Central Government in such manner and in accordance with such conditions as the Central Government may by rule prescribe for the purposes of this sub-section an amount representing not less than one rupee for every complete unit of twenty-five rupees by which his total income exceeds seven hundred and fifty rupees.

(6) Where the total income of an assessee referred to in sub-paragraph (b) of paragraph A of Part I of Schedule II does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the deductions, if any, allowed under the second proviso to sub-section (1) of section 7, section 15 and sub-section (1) of section 58F of the Indian Income-tax Act, 1922, shall be funded for the assessee's benefit and shall be paid to him on such date, not more than twelve months after the termination of the present hostilities, as the Central Government may fix :

XI of 1922.

Provided that nothing in this sub-section shall apply to any part of total income to which clause (a) of sub-section (2) applies.

*Explanation.*—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

Continuance of  
and rate of  
Excess Profits  
Tax.

9. (1) In sub-clause (a) of clause (6) of section 2 of the Excess Profits Tax Act, 1940, for the words and figures "31st day of March, 1942" the words and figures "31st day of March, 1943" shall be substituted.

XV of 1940.

(2) The Excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940, shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1942, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

XV of 1940.



XV of 1940.

10. (1) If within thirty days of the date on which any excess profits tax, charged under the provisions of the Excess Profits Tax Act, 1940, at the rate of sixty-six and two-thirds per cent. becomes payable, a further sum not exceeding one-fifth of the amount of the said excess profits tax is deposited with the Central Government, the Central Government shall repay, at such date and subject to such conditions as it may hereafter determine, so much of the said excess profits tax as shall be equal to one-tenth of the amount thereof or to one-half of such further sum deposited, which ever is the less :

Funding of  
one-tenth of  
Excess Profits  
Tax.

Provided that, if the said excess profits tax is thereafter reduced, whether by relief given in respect of a deficiency of profits, or by relief given in respect of double-excess profits taxation or otherwise, and whether by refund or otherwise, the portion of the tax to be repaid under this section shall be correspondingly reduced :

Provided further that if the said excess profits tax is so reduced, the maximum sum that may be deposited with the Central Government under this section shall also be correspondingly reduced :

Provided further that the provisions of this section shall apply in respect of excess profits tax to which the section applies which became payable before the commencement of this Act if the further sum referred to herein is deposited within thirty days of the commencement of this Act :

XV of 1940.

Provided further that in relation to excess profits tax payable under the Excess Profits Tax Act, 1940, in respect of any profits which are also liable to assessment to excess profits tax under the law in force in the United Kingdom it shall be unnecessary to deposit the further sum referred to in this section, and the amount repayable by the Central Government under this section shall, subject to the first proviso, be one-tenth of the amount of the excess profits tax payable at the rate of sixty-six and two-thirds per cent. under the Excess Profits Tax Act, 1940.

XV of 1940.

(2) Any sum deposited with the Central Government under sub-section (1) shall carry simple interest at the rate of two per cent. per annum and shall be repaid within twelve months of the date of termination of the present hostilities.

(3) The Central Government may, by notification in the official Gazette, make rules for carrying out the purposes of this section and for prescribing the manner and conditions referred to in sub-section (5) of section 8.



**SCHEDULE I.**

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 7.]

**“THE FIRST SCHEDULE.****INLAND POSTAGE RATES.**

(See section 7.)

*Letters.*

For a weight not exceeding one tola . . . . .	One and a half annas.
For every tola, or fraction thereof, exceeding one tola . . . . .	Half an anna.

*Postcards.*

Single . . . . .	Nine pies.
Reply . . . . .	One and a half annas..

*Book, Pattern and Sample Packets.*

For the first five tolas or fraction thereof . . . . .	Nine pies.
For every additional two and a half tolas, or fraction thereof, in excess of five tolas . . . . .	Three pies.

*Registered Newspapers.*

For a weight not exceeding ten tolas . . . . .	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas . . . . .	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas . . . . .	Half an anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas . . . . .	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas . . . . .	Quarter of an anna..
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	

*Parcels.*

For a weight not exceeding forty tolas . . . . .	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas . . . . .	Four annas”.



**SCHEDULE II.**

(See section 8.)

**PART I.***Rates of Income-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies :—

(a) Where the total income does not exceed Rs. 2,000—

	Rate.
1. On the first Rs. 750 of total income . . . . .	Nil.
2. On the next Rs. 1,250 of total income . . . . .	Six pies in the rupee.

Provided that no tax shall be payable on a total income which does not exceed Rs. 1,000.

(b) Where the total income exceeds Rs. 2,000—

	Rate.	Surcharge.
1. On the first Rs. 1,500 of total income . . . . .	Nil . . . . .	Nil.
2. On the next Rs. 3,500 of total income . . . . .	Nine pies in the rupee.	Six pies in the rupee.
3. On the next Rs. 5,000 of total income . . . . .	One anna and three pies in the rupee.	Nine pies in the rupee.
4. On the next Rs. 5,000 of total income . . . . .	Two annas in the rupee.	One anna and two pies in the rupee.
5. On the balance of total income . . . . .	Two annas and six pies in the rupee.	One anna and three pies in the rupee.

B.—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate.	Surcharge.
On the whole of total income . . . . .	Two annas and six pies in the rupee.	One anna and three pies in the rupee.

**PART II.***Rates of Super-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B. and C of this Part apply—

	Rate.	Surcharge.
1. On the first Rs. 25,000 of total income . . . . .	Nil . . . . .	Nil.
2. On the next Rs. 10,000 of total income . . . . .	One anna in the rupee.	Six pies in the rupee.
3. On the next Rs. 20,000 of total income . . . . .	Two annas in the rupee.	One anna in the rupee.
4. On the next Rs. 70,000 of total income . . . . .	Three annas in the rupee.	One anna and six pies in the rupee.
5. On the next Rs. 75,000 of total income . . . . .	Four annas in the rupee.	Two annas in the rupee.
6. On the next Rs. 1,50,000 of total income . . . . .	Five annas in the rupee.	Two annas and six pies in the rupee.
7. On the next Rs. 1,50,000 of total income . . . . .	Six annas in the rupee.	Three annas in the rupee.
8. On the balance of total income . . . . .	Seven annas in the rupee.	Three annas and six pies in the rupee.



**B.—In the case of every local authority—**

	Rate.	Surcharge.
On the whole of total income . . . . .	One anna in the rupee.	Six pies in the rupee.

**C.—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—**

	Rate.	Surcharge.
1. On the first Rs. 25,000 of total income . . . . .	Nil . . . . .	Nil.
2. On the balance of total income . . . . .	One anna in the rupee.	Six pies in the rupee.

**D.—In the case of every company—**

	Rate.
On the whole of total income . . . . .	One anna and six pies in the rupee.

*It is hereby declared that it is expedient in the public interest that the provisions of clauses 3, 4, 5 and 6 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.*

of 1931.



## STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year the existing rate of salt duty : to increase the rate of duty on motor spirit : to impose a temporary surcharge of 20 per cent. on all import duties other than those on salt, motor spirit and raw cotton, which are subjected to special duties, and with the exception of certain goods which have to be excluded under the Trade Agreement with Burma : to increase the postage rate on letters to one and a half annas : to increase the Central surcharge on taxes on income and to continue the rate of excess profits tax at 66 2/3 per cent. subject to a concession whereby up to one-tenth of the tax will be funded for release after the war if the assessee will put in double this amount from his own share of taxed profits.

2. Clause 2 provides for the continuance for a further period of one year of the existing provisions regarding salt duty. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed under section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

3. Clause 3 provides for an increase of the excise duty on motor spirit from twelve annas to fifteen annas per gallon, which will automatically increase the customs import duty to the same amount.

4. Clause 4 provides for an increase of the excise duty on kerosene by equating it with the enhanced customs duty.

5. Clause 5 provides for an increase of the excise duty on silver by 20 per cent. so that it shall equal the enhanced customs import duty as required by the Trade Agreement with Burma.

6. Clause 6 provides for the levy of a temporary surcharge for one year only of 20 per cent. on all imported goods chargeable with customs duty except certain goods subject to special higher taxation and certain goods imported from Burma on which in accordance with the terms of the Trade Agreement with Burma no increase in customs duty is permissible.

7. Clause 7 provides for the continuance for a further period of one year of the present inland postage rates except that the initial rate for letters is raised from one anna three pies to one anna six pies.

8. Clause 8 provides for the continuance for a further period of one year of the existing rates of income-tax and super-tax increased by a surcharge for the purposes of the Central Government at varying rates on different slabs of income, and also for the imposition of income-tax on incomes between Rs. 1,000 and Rs. 2,000 per annum at 6 pies on each rupee exceeding Rs. 750 which will not be leviable if the assessee deposits a somewhat larger amount, namely, 4 per cent. of his income exceeding Rs. 750, in the Post Office Defence Savings Bank.

9. Clause 9 provides for the continuance of the excess profits tax at the rate of 66 2/3 per cent.

10. Clause 10 provides for a concession to be given to excess profits tax assesses to have an amount up to one-tenth of their excess profits tax funded for their benefit provided they deposit with the Central Government double this amount. While the portion of the tax so funded will be released subject to conditions which will be subsequently worked out by Government, the assessee's share will earn 2 per cent. simple interest and will be repayable 12 months after the termination of hostilities.

11. The reasons for making the above changes have been fully explained in my Budget Speech.

NEW DELHI ;

A. J. RAISMAN.

*The 28th February 1942.*



## Speech of the Financial Secretary in the Council of State on the 28th February 1942.

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, I have the honour to present the revised estimates of revenue and expenditure of the Governor General in Council in respect of subjects other than railways for the year 1941-42, and the corresponding estimates of revenue and expenditure for the year 1942-43.

2. This is the third war budget which it has fallen to my lot to bring before this House, and each successive year has seen the grim conflict which began in that fateful autumn of the year 1939 become more intense and more widespread until it has now become, in fact as in name, a World War. As the struggle has progressively extended from country to country and from continent to continent, so has it and the conditions created by it increasingly affected the economic structure of this country, so that it is no exaggeration to say that at the present time it dominates every facet of our economic life and directly affects the living conditions of every member of the community, even to the very humblest. In Part II of the Explanatory Memorandum, a new departure which it is believed Honourable Members will welcome, will be found statistical information regarding the trend during the course of the war of various important aspects of our national life such as the level of prices, the cost of living, the import and export trade, the volume of currency in circulation, and so on. The factors there portrayed cannot be properly viewed in isolation as they are all closely inter-dependent and inter-related and, in combination with the extreme pressure on the industrial capacity of the country for the production of war supplies, and the rapidly growing defence measures with its inevitable corollary of steeply rising war expenditure, form the background against which the budget proposals have to be considered. In so far as it is possible to single out features of particular significance, special mention might perhaps be made of the utilisation to full capacity of India's industrial potential which has resulted in a great increase in employment, a larger national income, rapidly growing defence expenditure, rapid expansion of rupee currency in India and of sterling resources in England. These factors have resulted in a rising pressure of domestic and external demand on the total volume of consumable goods in India, which in certain directions are developing shortages as against the expanding demand. These indicate considerations which will require attention if India's economy is to be kept on an even keel in the midst of the severe stresses and strains of a war on the scale of that in which we are now involved. So far as the near future is concerned we must necessarily take into account the deterioration in the Eastern theatre of war, the threat to sea communications and the overburdening of available means of transport within the country, which for a time cannot but affect adversely its economic activity.

3. Before we come to consider the revised estimates for the current year a brief reference might first be made to the final results for the financial year 1940-41. The deficit on revenue account which, according to the revised estimates presented last year, was expected to be Rs. 8.42 lakhs in actual fact amounted to Rs. 6.53 lakhs. The improvement of Rs. 1.89 lakhs was the net result of an improvement of revenue by Rs. 3.94 lakhs and an increase in expenditure of Rs. 2.05 lakhs. The latter was almost entirely on account of Defence, where the difficulties of close estimation in present conditions will be readily appreciated. Of the increase in revenue, Rs. 2.20 lakhs or more than half came in the form of a larger contribution from the Railways for the reasons explained



in the Railway Budget Speech last week, while Income-tax accounted for an additional Rs. 96 lakhs and Central Excise Duties for an extra Rs. 99 lakhs. As a result of the improvement in Income-Tax receipts the divisible pool shared with the Provinces rose from Rs. 16,47 lakhs to Rs. 18,08 lakhs, thereby increasing the share payable to the Provinces from Rs. 3,73 lakhs to Rs. 4,54 lakhs. The balance of Rs. 81 lakhs will be paid to the Provinces along with their share for the current year.

4. The revised estimates for the current financial year 1941-42 are as follows :—

	Budget.	Revised.	(In lakhs of rupees.) Improvement (+) Worsening (—)
Net Defence expenditure . . . . .	84,13	102,45	—18,32
Civil expenditure . . . . .	42,72	44,44	—1,72
Total expenditure . . . . .	126,85	146,89	—20,04
Total revenue . . . . .	113,00	129,62	+ 16,62
Deficit (—) . . . . .	—13,85	—17,27	—3,42

thus showing an increase in the year's deficit of Rs. 3,42 lakhs as the net result of an improvement in revenue of Rs. 16,62 lakhs and an increase in expenditure, mainly on account of the Defence services, of Rs. 20,04 lakhs. I will proceed to explain the main contributory reasons for these variations.

5. Of the Rs. 16,62 lakhs increase in revenue Rs. 8,94 lakhs or well over half is accounted for by the fact that, as explained in the Railway budget, the net contribution from the railways to general revenues is expected to amount to as much as Rs. 19,12 lakhs as against Rs. 10,18 lakhs provided in the budget estimates. The net surplus of the other great commercial Department of Government, the Posts and Telegraphs Department, which will be taken to general revenues, is expected now to amount to Rs. 3,19 lakhs, or Rs. 1,79 lakhs more than was provided in the budget, as a result of the growth in all branches of traffic, especially the telegraphs and telephones which have been worked practically to full capacity. Under Currency and Mint there is an improvement of Rs. 1,21 lakhs, the bulk of which represents the increase in the surplus profits of the Reserve Bank of India for the year ending 30th June, 1941, and the balance the profits on foreign orders for coinage and notes which have been executed in our Mints and Currency Note Press. We anticipate that our Customs receipts for the year will exceed the budget figure by about a crore in spite of the deterioration in the last month or two consequent upon Japan's entry into the war, while Central Excises should give us a further increase of Rs. 20 lakhs. Income-tax and Corporation tax show a rise of about Rs. 3 crores as compared with the budget, in spite of the fact that collections on account of Excess Profits Tax are likely to fall short of the Rs. 11 crores originally anticipated by as much as Rs. 3 crores. Against this improvement however we have to set off the additional amount of Rs. 2 crores which is payable to the Provinces as a result of the divisible pool having increased from Rs. 18,35 lakhs to Rs. 22,17 lakhs. Inclusive of this increase and of the Rs. 81 lakhs arrears from last year the Provinces will this year receive on account of Income tax the altogether unexpectedly high figure of Rs. 7,39 lakhs.



6. The increase of Rs. 18,32 lakhs in net Defence expenditure for the current year 1941-42 is made up as follows :—

	(Rs. in lakhs.)	
	Budget.	Revised.
(1) Basic normal budget . . . .	36,77	36,77
(2) Effect of rise in prices on (1) . . . .	3,55	4,24
(3) India's war measures . . . .	35,40	53,03
(4) Non-effective charges . . . .	8,41	8,41
Total . . . .	84,13	102,45

Item (1) of course shows no change, while item (4) is retained at its original figure pending settlement with His Majesty's Government regarding the allocation of non-effective charges arising out of the war. The rise in item (2) is merely a reflection of the rise in the general level of prices of indigenous stores. Interest therefore chiefly centres in item (3) which shows an increase over budget of Rs. 17,63 lakhs in respect of the cost of war measures debitable to Indian revenues. The increase would have been Rs. 18½ crores but for contributions amounting to Rs. 85 lakhs received through the Viceroy's War Purposes Fund. I would here remind Honourable Members that under the Financial Settlement with His Majesty's Government only such portion of the expansion of India's Defence services as is related to India's local defence requirements is chargeable to Indian revenues. Thus, broadly speaking, India bears the cost of raising, training, and in part equipping any additional forces raised and retained in this country in pursuance of her expansion scheme, while the whole cost, initial and recurring, of such additional forces as are sent overseas is recoverable from His Majesty's Government. The House will be interested to know that the gross expenditure on defence services and supplies expected to be brought to account in India's books for the year 1941-42 amounts in all to Rs. 300 crores, so that after India's share of Rs. 102,45 lakhs mentioned above has been deducted a balance of nearly Rs. 200 crores is left to be borne by His Majesty's Government. These figures do not include the value of equipment supplied and other services rendered by His Majesty's Government without charge.

7. Judged by past Indian budgetary standards, these are large figures, and I feel that some explanation is due to the House as to how the money is being spent, brief and inadequate though that explanation must necessarily be having regard to the limited time at my disposal. The primary objective is, of course, the provision of the maximum possible strength of up-to-date military, naval and air forces, subject to the limiting factors of equipment and training, first for the local defence of India's land and sea frontiers, and secondly for employment overseas to secure the approaches to India. The rapid increase in the danger and imminence of the threats to India's security have rendered imperative substantial modifications and enlargement of the expansion schemes to which reference was made in connection with the budget a year ago, involving a considerable increase in cost. Recruiting activities have been stepped up during the last 12 months from an average intake of recruits of roughly 20,000 per month to an average of about 50,000 per month, and we now have over a million men under arms as against the half million to which I referred in my Budget Speech last year. Apart from the pay and allowances of these men, in itself a substantial item, the cost of feeding, housing, clothing, equipping and transporting them constitutes a very heavy additional burden on Indian revenues.



8. Concentrated efforts continue to be made to train intensively not only the new units which are being formed but the thousands of officers required to instruct and lead them. Last year special stress was laid upon the extreme importance of adequate training and the fact that, next to the provision of arms and equipment, the pace of our expansion was conditioned by the quality of our training. During the last 12 months the various schools and other training institutions of the Defence services have been greatly increased. Thus the Staff College has increased its output by 100 per cent. since March, 1941. The Fighting Vehicles School and the Artillery School have also doubled in size since that date. The Tactical School, Small Arms School and Army Signals School have all been greatly expanded. Many new training institutions have also come into being. An Air Landing School for the training of parachute troops is now in full operation. A special centre for instruction in anti-aircraft and coast defence artillery has also been created. In addition to the Officers' Training Schools, where several thousand cadets and newly commissioned officers are learning the rudiments of their profession, a Higher War School has been established at the other end of the scale for the instruction of senior officers.

9. The programme of expansion for the Royal Indian Navy which I indicated last year is now materialising rapidly. The strength of officers and ratings has been approximately doubled. Two new sloops of the latest type, fast and well-armed, are fully commissioned and have already seen service. Others are under construction in the United Kingdom. A large programme of building in connection with our Local Naval Defence requirements has been undertaken in India and some vessels have already been completed and commissioned. New and enlarged accommodation for the Gunnery School and Mechanical Training Establishment has been provided during the past year.

10. The development of the Air Forces has proceeded as fast as the provision of equipment and skilled technical personnel permitted, and much progress has been made during the year. Modern aircraft are now arriving in India and a substantial quantity of modern training equipment has been received. The rapid and continuous increase in the complexity and requirements of modern aircraft, the introduction of new types of squadrons, and the increases in the establishments of both personnel and machines for the various types add greatly to the difficulties of organising our air defences. For the operation of the new makes of machines landing grounds have to be constructed to much higher standards than those accepted as suitable two years ago, while accommodation both for personnel and machines and other operational facilities incidental to modern air defence are necessary on a far larger scale than was then envisaged. All these factors, I need hardly point out, add substantially to the cost of building up India's air defences. The formation and expansion of training institutions has gone ahead rapidly, and there has been a recent increase in the civil repair and maintenance organisation. Under the scheme for the creation of a reserve of Indian Air Force officers, to which reference was made last year, approximately 300 officers have been produced by the civil organisation and passed on to service training institutions, whence they should eventually be absorbed into active formations. The fullest use possible is being made of civil resources and the scheme inaugurated by the Director of Civil Aviation for pre-entry basic training for Indian Air Force mechanics is in full working order. Finally, the scheme for the assembly and manufacture of aeroplanes in India has made good progress. It is confidently hoped that the factory will complete its programme of fighter and bomber construction before the end of the present calendar year although considerable difficulties have been encountered in securing the release from America of the necessary materials, particularly since America entered the war. It has not yet been



possible to secure from America all the materials needed for the programme of trainer aircraft and this may be delayed in consequence. In addition the factory is doing valuable work in carrying out major repairs to aeroplanes of many types.

11. To complete the picture of expenditure in the current year there now only remains for me to explain the increase of Rs. 1,72 lakhs in the civil expenditure. This increase would have amounted to Rs. 4½ crores but for a saving in interest charges of a little over Rs. 3 crores consequent upon the repatriation operations which were carried out last February. Of this Rs. 4½ crores increase, however, Rs. 1½ crores are accounted for by items which, while they figure as expenditure on the charges side of the account, are offset by corresponding receipts on the revenue side. The main items of this nature are Rs. 1,41 lakhs for the transfer of additional premia received under the War Risks (Goods) Insurance Act to the War Risks (Goods) Insurance Fund, due to the raising of the rate of premium from 1/32 per cent. to 1/16 per cent. and to the more extensive insurance of goods by merchants; Rs. 7 lakhs for the share of the higher match excise duty receipts payable to Indian States; Rs. 5½ lakhs for the payment to the Coal Mines Stowing Board of the net proceeds of the excise duty on coal and coke under the Coal Mines Safety (Stowing) Act; Rs. 2 lakhs required for increased production of salt; Rs. 3 lakhs representing larger payments to the I. C. A. R. due to an increase in agricultural cess receipts and a higher block grant to the Sugar Excise Fund following an increase in Sugar Excise revenue; and Rs. 6 lakhs spent on increased coinage, both on the Government of India's account and on behalf of other Governments. Of the balance of Rs. 3 crores, roughly Rs. ½ crore has been spent for obvious reasons on the provision of larger reserve stock of essential stores, such as currency note paper, security printing paper, stationery stores, etc. The remainder of the additional Civil expenditure has been incurred almost entirely in connection with the war. Thus expenditure on A. R. P. shows an increase of Rs. 92 lakhs, of which Rs. 84 lakhs goes as grants to the Provinces, Rs. 3 lakhs on A. R. P. schemes in centrally administered areas, and Rs. 5 lakhs for A. R. P. schools and other miscellaneous schemes. Equipment of the new Mint which is now being built in Alipore, Calcutta, to meet the rising war-time demands for coin both for India and for Allied Governments, is costing Rs. 26 lakhs. Rs. 14 lakhs excess under Civil Works has been necessitated by the need for additional buildings in New Delhi and Simla to provide accommodation for new departments or for expansion of existing departments as a result of the war. War-time expansion in other directions includes the Chief Controller of Imports, the Wheat Commissioner, the Controller of Coal Distribution, a Petrol rationing organisation, additional staff and overtime allowances in the Bombay and Calcutta Customs Houses, expansion of publicity, the Board of Scientific and Industrial Research, the Agent-General for India in the U. S. A. and so on. Last, but by no means least, an additional Rs. 64 lakhs is required for the expanded activities of the Supply Department and its subordinate organisations, regarding which the House will perhaps desire a little more detailed information.

12. The activities of the Department of Supply have expanded considerably during the past twelve months. While its main organisation has remained substantially unchanged, the Indian Stores Department, the Contracts Directorate and the temporary officers employed on purchase duties have for the duration of the war been merged into a single Purchase Branch with a view to utilising the available staff to maximum advantage. On the other hand it has been found necessary to divide the Textiles Directorate into two, one of which has been located at Bombay to deal exclusively with cotton textiles. During the coming financial year it is anticipated that about 700 million yards of cotton



textiles will have to be purchased, which this Directorate will have to arrange by a system of bulk purchases in close co-operation with the industry. Clothing factories have multiplied ten-fold since the outbreak of war and are now turning out more than 8 million garments a month. The output of leather goods has increased thirty-fold. A new parachute factory has been established and the first Indian made statichutes have successfully passed the required tests. Timber extractions and purchases are rapidly, expanding while many new chemicals are now in process of production in India for the first time. As regards munitions production, 20 new projects arising out of the recommendations of the Roger Mission have now been approved and are in process of execution, involving a capital outlay of about Rs. 12 crores, as a result of which new factories will be constructed and old ones expanded for the production in India of weapons, ammunition, steel and other stores urgently required for war purposes. The whole of the capital outlay on the erection and establishment of these factories will be borne by His Majesty's Government, although India will of course pay for such of the articles produced by them as are utilised for purposes of India's local defence. Railway workshops and trade workshops are being increasingly utilised, with the ready co-operation of industrial concerns and Railway Administrations, for the production of a large range of military requirements from armoured fighting vehicles and small auxiliary naval craft downwards. As a result of these various activities India will henceforth be self-supporting in respect of many items of war supply which hitherto have had to be imported.

13. I should perhaps say a word here on the subject of the application to India of Lease-Lend assistance from the U. S. A. Honourable Members must have been gratified to learn that, largely as a result of the activities of the Indian Purchasing Mission in the U. S. A. under the chairmanship of Sir Shanmukham Chetty, India has been admitted to the benefits of Lease-Lend facilities on the same terms as the United Kingdom and other members of the British Commonwealth of Nations. The indents placed for supplies on Lease-Lend terms up to the end of January 1942 amounted in value to roughly Rs. 47 crores of which, if all goes well, about Rs. 11 crores worth of goods are expected to arrive in India during the current year and three times as much during the coming year. In so far as stores received on Lease-Lend terms are utilised for the equipment of troops sent overseas or for other needs which are paid for by His Majesty's Government under the Financial Settlement, the benefits and obligations conferred by Lease-Lend will be passed on to that Government. In respect of such of the stores as are utilised for Indian purposes, whether by the Defence services, Civil Departments of the Central Government or Provincial Governments, their value will be debited to the budgets concerned and corresponding credits taken to a suspense account. This accounting procedure is being followed in view of the fact that the precise nature of the obligations imposed by Lease-Lend facilities on the Governments making use of them has not yet been determined, and the suspense credits will therefore remain until the method of liquidation of Lease-Lend liabilities has been defined.

14. I come now to a consideration of the estimates of revenue for the financial year 1942-43. The only substantial variations from the revised estimates of revenue for the current year are in respect of customs duties and income tax. There can be little doubt that war developments in the Pacific will cause a degree of interference with our foreign trade which will be reflected in an appreciable drop in customs revenue. It is by no means easy to estimate the extent of the fall, but in circumstances as they are now we have decided to take the figure at Rs. 30 crores against the current year's revised estimate of Rs. 36 crores. The figure of Rs. 30 crores is inclusive of the proceeds of the additional import duty on raw cotton, estimated at Rs. 2 crores, which will be taken to



the special fund for the relief of the short staple cotton situation. Against this, however, the yield from Income-tax and Corporation tax including surcharge is expected to increase by over Rs. 3 crores, while the collections of Excess Profits Tax have been put at Rs. 20 crores as compared with Rs. 8 crores in the current year. As a result of these and the various other smaller changes in the estimates, our total revenue on the existing basis for 1942-43 is expected to amount to Rs. 140,00 lakhs as compared with Rs. 129,62 lakhs according to the revised estimates for 1941-42.

15. The anticipated increase in the yield of Income-tax next year will result in a further increase in the divisible pool which, on the basis of our estimates, will amount to as much as Rs. 25,75 lakhs. Assuming that the sum to be retained by the Centre from the Provincial moiety will be maintained at Rs. 4½ crores, the share of Income Tax revenue payable to the Provinces next year comes to the record figure of Rs. 8,37 lakhs, as compared with the corresponding figure of Rs. 6,58 lakhs for the current year. For the sake of comparison I would like to remind the House that the amounts paid to the Provinces since the Niemeyer Award first began to operate have been Rs. 1,63 lakhs for the year 1937-38, Rs. 1,51 lakhs for 1938-39, Rs. 2,83 lakhs for 1939-40 and Rs. 4,54 lakhs for 1940-41. The present level of payments to the Provinces on account of Income Tax is therefore several times what it was before the war and, incidentally, is considerably higher than what Sir Otto Niemeyer calculated they would receive as their full half share of the divisible pool at the end of the ten-year devolution period.

16. Coming now to the expenditure side of the account for the year 1942-43, Defence expenditure chargeable to Indian revenues is expected to reach a total of Rs. 133,00 lakhs which, following the usual classification, may be expressed thus :

	(Rs. in lakhs.)	
	Revised, 1941-42.	Budget, 1942-43.
(1) Basic normal budget . . . .	36,77	36,77
(2) Effect of rise in prices on (1) . . . .	4,24	6,52
(3) India's war measures . . . .	53,03	81,30
(4) Non-effective charges . . . .	8,41	8,41
Total . . . .	102,45	133,00

For the reasons which I have already given, items (1) and (4) remain unaltered, while the increase in the case of item (2) merely reflects the anticipated further rise in the general price level during the coming year. The major increase occurs under item (3) and is occasioned by the growth of our war measures on the lines which I have already explained. The increase would have been higher by Rs. 1½ crores but for the fact that contributions totalling that amount from the Viceroy's War Purposes Fund are anticipated during the year. Great as is this total of Rs. 1.33 crores, it represents only about one-quarter of the gross Defence expenditure which is likely to be brought to account in India's books during 1942-43; that is, the amount of expenditure on Defence services and supplies that we expect to recover from His Majesty's Government next year under the operation of the Financial Settlement exceeds the huge total of Rs. 400 crores. The greater part of this latter amount represents expenditure connected with the maintenance or provision of forces overseas in the interests of the security of India against external aggression. In addition to bearing this vast expenditure His Majesty's Government have undertaken to supply to India free of charge large quantities of aeroplanes, vehicles, guns and other equipment required in connection with the expansion of India's fighting forces, naval.



air and military. The total value of such free supplies which are expected to be received by the end of 1942-43 is roughly Rs. 60 crores.

17. Civil expenditure in 1942-43 is expected to amount to Rs. 54.07 lakhs, an increase of Rs. 9.63 lakhs over the revised estimate for 1941-42. Much of this large increase is however more apparent than real for the reason to which I have already made reference in considering the revenue estimates, viz., the necessity for accounting purposes of passing the transactions relating to special funds through the revenue and expenditure accounts, thereby swelling both sides of the account. Thus the receipts from War Risks Insurance premia, the enhanced import duty on raw cotton and the cess on exports of agricultural produce, which are shown as expenditure under the relative heads of account for transfer to the special funds next year, amount to Rs. 3.24 lakhs, Rs. 2.00 lakhs and Rs. 18 lakhs respectively. The greatest real increase is in respect of expenditure on Civil Defence for which Rs. 4 crores have to be provided as against our revised estimate for the current year of a little over Rs. 1 crore. A new scheme of allocation of the cost of A. R. P. measures has been drawn up by the Central Government in consultation with the Provincial Governments, which has been designed to secure that the financial assistance given by the Centre should be determined in the light of the magnitude of the A. R. P. expenditure to be incurred by each Provincial Government and the ability of the Province to shoulder this extra burden, having regard to the additional resources deriving from the larger distribution of Income-tax. Under the scheme every Provincial Government will in each financial year itself bear its Civil Defence expenditure up to a specified amount, which is to be fixed in a certain broad relation to the Provincial revenue receipts. Expenditure over and above this initial slab will be divided into further slabs of which the first is to be shared 50 : 50 by the Central and the Provincial Governments, the next 75 : 25 and anything beyond that 87½ : 12½. I need hardly stress the point that the estimates of A. R. P. expenditure are at present largely speculative and purely tentative since the amount to be spent will inevitably depend very much on the future course of events in the Eastern theatre of war.

Of the remaining factors contributing to next year's increase in Civil expenditure I will confine myself to a brief mention of the more outstanding items. Half a crore of the increase arises out of the expansion of the technical training scheme for skilled artisans so as to provide for the training of 48,000 men by the end of 1942-43 in place of the 15,000 men contemplated under the original scheme. A special provision of over a quarter of a crore has been made for expediting the civil aviation programme in addition to the annual subvention of Rs. 35 lakhs. An extra half a crore has also had to be provided next year for the continued expansion of the Supply Department's activities. Interest charges will be increased to the extent of Rs. 175 lakhs as compared with the revised estimate for the current year, although still showing a saving of Rs. 134 lakhs as compared with the budget figure for the current year. For further details of the civil estimates for 1942-43 I must refer Honourable Members to the Explanatory Memorandum on the Budget.

18. The budgetary position for the coming year on the existing level of taxation can now be summarised as follows :—

	(Rs. in lakhs.)		
	Revised, 1941-42.	Budget, 1942-43.	Improvement (+) Worsening (—).
Net Defence expenditure . . . . .	102.45	133.00	—30.55
Civil expenditure . . . . .	44.44	54.07	—9.63
Total expenditure . . . . .	146.89	187.07	—40.18
Total revenue . . . . .	129.62	140.00	+ 10.38
Deficit (—) . . . . .	—17.27	—47.07	—29.80



There is thus a prospective deficit on revenue account of Rs. 47.07 lakhs, but before I deal with the problem of this deficit I will follow the usual procedure of giving at this stage an account of our ways and means position, which is a matter of considerable importance in the scheme of war-time finance.

19. Honourable Members are, I trust, already acquainted with the details of our Defence Loan programme, for during the past year we have taken great pains at considerable expense to publicise them throughout the length and breadth of the land. By far the greater part of the amount subscribed this year has been to the Second Defence Loan, *i.e.*, the 3 per cent. Defence Bonds, 1949-52, which has been continuously on tap from the 1st February 1941 to its recent closure. Up to the end of January 1942 this loan has produced Rs. 58.10 lakhs, the interest-free Bonds Rs. 2.67 lakhs, and the Post Office 10-year Defence Savings Certificates Rs. 4.67 lakhs. The total investment in our Defence Loans from June 1940 when they were first issued to the end of January 1942 amounts to Rs. 110.30 lakhs.

20. Great though this total may be, there is an imperative need for a rapid and continuous increase in the rate of saving and investment. The circumstances of the time and the interests of the country alike demand it. Borrowing, and borrowing on a large scale, is necessary for the financing of India's defence expenditure which is now approximating to Rs. 40 lakhs a day and is still growing. But that is only a part of the picture. There is also the very much larger expenditure on account of supplies and services to His Majesty's Government and other Allied Governments which has assumed the huge dimensions mentioned earlier in this speech. It is true that we receive payment in sterling for these supplies and services, but the fact remains that the equivalent amount in rupees, which now has to be measured in units of Rs. 100 crores, has to be paid out within the country to those who have provided them. The result is inevitably a very large increase of purchasing power in the hands of the people of the country. With a large part of the productive power of the country devoted to the war effort, and with imports from outside severely restricted by war conditions, it is obvious that purchasing capacity must rapidly outgrow the limited available supply of consumers' goods; and if it is utilised in intensive competition for those goods, the only effect will be the forcing up of prices. Such a state of affairs could benefit no one, and would prove a definite hardship to the many with small fixed incomes. On the other hand, if claims to consumers' goods are postponed to more propitious times when the supply of goods and services can be expanded in satisfaction of the wider demand, not only will the general economy of the country be preserved in a sound and healthy condition but the people will have provided themselves with a reserve which may well prove invaluable for meeting the uncertainties of the post-war period. It is therefore of fundamental importance that saving on a national scale should be stimulated and encouraged by all who have the interests of this country and its peoples at heart.

21. During the current year the outstanding balance of the 3 per cent. Bonds, 1941, amounting to Rs. 10½ crores was repaid, Rs. 8½ crores by conversion and the remainder in cash. Apart from the undated sterling loans, to which I shall presently refer, the only loan we have the option of repaying next year is the 5 per cent. Loan, 1942-47, but of this the balance still outstanding is only Rs. 65 lakhs.

22. Intimately connected with our ways and means position is the question of the repatriation of India's sterling debt. In my speech a year ago I explained at some length the lines of general policy in this regard, the advantages to India resulting from the replacement of external obligations by internal debt, and the financial implications of the repatriation of the six



dated sterling loans. I have no wish to weary the House by repeating what I said then, but as the plan for the rupee financing of that important operation could at that stage be indicated only tentatively I ought perhaps to complete the story now. The total terminable stock acquired amounted to Rs. 97 crores, leaving only Rs. 15 crores outstanding as being outside the scope of both the British and the Indian Vesting Orders. Sterling payments however amounted to only £66·3 million, the amount coming under the Indian Order being Rs. 14·56 crores of which Rs. 13·30 crores were paid for by counterparts and the small balance in cash. The Reserve Bank naturally had no difficulty in providing the sterling required, in view of its large sterling resources but the crux of the problem was to devise a plan by which the Government could make rupee payment for that sterling without unduly depressing security prices and thereby endangering our cheap money policy, while at the same time avoiding the financially doubtful course of large scale replacement of long-dated maturities by very short-term commitments. This was secured by the creation of rupee counterparts, about half of which were taken over by the Reserve Bank. The other half was held by Government who paid the balance due to the Reserve Bank from its balances, supplemented by ways and means advances, and by *ad hoc* treasury bills. Thus both the Government and the Reserve Bank were provided with a portfolio which could be sold gradually to meet market demand.

23. Once these initial arrangements had been completed the whole position was brought under survey, and such stock as was considered to be in excess of the absorptive capacity of the market over the next few years and was not required for ensuring the marketability of counterpart stocks in the hands of the public was cancelled. The amount of stocks so cancelled amounted to some Rs. 47 crores, and a further amount of stock was converted into existing loans of roughly corresponding maturity for which there was known to be a fairly sustained demand from the market. The combined result of these operations was an increase of Rs. 92 crores in our rupee debt and of Rs. 3 crores in our rupee interest charges against a reduction in sterling debt by Rs. 135 crores and sterling interest by Rs. 5½ crores. As opportunity occurred during the year, by arrangement with the Reserve Bank, *ad hoc* treasury bills taken up by the Bank in connection with the repatriation were gradually cancelled against the transfer of sterling from the Banking Department to the Issue Department. In the result by December 1941 the Reserve Bank held only Rs. 2·71 crores of *ad hoc* treasury bills. Meanwhile counterparts on Government's account were sold to the public as they required them, and by the end of December last, out of some Rs. 139 crores of rupee counterparts created since repatriation was first undertaken, Rs. 47½ crores had been cancelled, Rs. 51 crores were in the hands of the public, a little over Rs. 31 crores were held by the Reserve Bank and Rs. 9½ crores were held on Government account. As our outstanding of treasury bills actually decreased by Rs. 14 crores between the 1st March 1941 (*i.e.*, prior to the repatriation payments) and the end of January, 1942, we may conclude that the cash payments on account of the counterparts which were cancelled have ultimately been financed almost entirely from Defence Loan proceeds. We may, therefore, claim that the bulk of the floating debt incurred for the financing of the first instalment of repatriation has already been funded, and there is good cause for gratification that so large and so complex a transaction was carried through with such remarkable smoothness and with little or no disturbance to the market.

24. Towards the end of last December we were able to adopt, again with the assistance of His Majesty's Government, a somewhat similar scheme for the repatriation of the remaining non-terminable portion of our sterling debt.



The 2½ per cent. and 3 per cent. stock totalling some £70 million (market value) is being compulsorily acquired under British and Indian Vesting Orders as in the first scheme of repatriation, while the outstandings of the 3½ per cent. stock amounting to another £70 million will be redeemed on the 5th of January, 1943 under a year's notice which has already been given. Some criticism has been directed against the Government for not applying the machinery of compulsory acquisition to the 3½ per cent. stock as in the case of the other stock, but it must be remembered that compulsion is an extraordinary measure which cannot be resorted to without solid and substantial reasons. Since the 3½ per cent. stock was standing very near to par and was redeemable at any time on a year's notice, there was no sufficiently valid reason which could be urged on His Majesty's Government to use their special war-time powers to acquire it for us. After this second measure of repatriation has been carried through, practically the whole of India's external obligations will have been liquidated to the immense strengthening of India's credit position.

25. In spite of the vast scale of these debt repatriation transactions there is no room for apprehension as to their effect on the Reserve Bank's sterling resources, in view of the rate at which sterling has been and is accumulating with the Reserve Bank on account of the large war demand for supplies from India to which I have already referred. I will give a few figures by way of illustration. Purchases by the Bank during the first ten months of the current year amounted to approximately £57 million. At the time of the budget for the current year we estimated a net refund by the Secretary of State of £26 million. Since then, however, the volume of recoverable war expenditure and purchases on behalf of His Majesty's Government and Allied Governments has increased continuously, and the net refunds for the year are now expected to aggregate £53 million after providing for the repayment of the 2½ per cent. and 3 per cent. undated sterling loans next month. For next year the net refunds by the Secretary of State are estimated at £164 million after allowing for the repayment of the remaining undated sterling loans and for the payment of £13 million for the purchase of the Bengal and North Western Railway and the Rohilkhund and Kumaon Railway. There can be no doubt that the sterling required this year and next for payments in connection with our second repatriation scheme will be available without any strain on the Reserve Bank's sterling resources.

26. In the matter of sterling debt repatriation there is a tendency in some quarters to concentrate attention on the revenue aspect resulting from the reduction in interest charges. This fact however, as I explained last year, is largely incidental and to a certain extent temporary, being merely the natural result of the method of finance employed, *viz.*, payment to holders of long-term securities out of short-term obligations which will be gradually replaced by funded loans. It is difficult to give any precise estimate of the revenue effect of our second repatriation scheme since it depends on the terms on which we can fund our short-term obligations. On present indications, however it is possible that the net saving to the revenue budget under interest will be of the order of Rs. 90 lakhs. In addition to this the Reserve Bank's profits will increase as a result of its holding for a time higher interest bearing rupee securities in its Issue Department instead of short-term sterling securities of lower yield. These surplus profits of the Reserve Bank will ultimately be transferred to Government and may possibly amount to as much as Rs. 50 lakhs.

27. As regards our treasury bill position, the budget for the current year contemplated a net decrease in outstandings of Rs. 11½ crores. The decrease to the end of January 1942 has actually amounted to Rs. 23½ crores. The improvement has been due partly to better Defence Loan receipts than we had counted upon and partly to sales of rupee stock held by the Government.



Furthermore, the Government have realised Rs. 10 crores from the sale of silver in India. Next month, however, in connection with the repayment of the  $2\frac{1}{2}$  per cent. and 3 per cent. undated sterling loans we may have to create additional treasury bills to the extent of Rs. 39 crores but this will present no difficulty in view of the abnormally low level of outstandings at the present time.

28. The net discharge of cash certificates this year is not likely to be appreciably more than the budget estimate of Rs. 6 crores and we are adopting for next year the figure of Rs. 5 crores. On the other hand, Savings Bank transactions are likely to result in a net outgo of Rs. 7 crores as against the net credit of Rs. 2 crores assumed in the budget. For next year we are assuming a net withdrawal of Savings Bank deposits of Rs. 2 crores.

29. I must now return to a consideration of the gap with which we are faced in the coming financial year between our anticipated revenue and our estimated expenditure on revenue account. By way of context I would remind Honourable Members that for the year 1940-41 we budgeted for a nominal surplus of Rs. 5 lakhs and in the actual result realised a deficit of Rs.  $6\frac{1}{2}$  crores. For 1941-42 we budgeted for a deficit of Rs.  $13\frac{3}{4}$  crores, but according to the revised estimates the deficit will amount to Rs.  $17\frac{1}{4}$  crores. Now for the year 1942-43 on the estimates we have made and at the existing level of taxation we are faced with a prospective deficit of the order of Rs. 47 crores, or well over half the total pre-war budget of the Government of India. Serious as the problem of this deficit is, the Government feel, for reasons of which I have already given some indication, that the situation which now confronts them is of wider dimensions than that of mere balancing of Government revenue against Government expenditure. There can be no doubt that those tendencies which are only too characteristic of war-time economy are beginning to operate in India, as they are operating in practically every country in the world today. Although it is probably true to say that in India the process has not gone either so fast or so far as in many other countries, where counter-action of a drastic nature has had to be taken, the fact remains that the tendencies are in evidence here and the Government are satisfied that the stage has been reached when it is their clear duty at least to make a beginning with measures, in addition to the ordinary process of taxation, of a kind which will assist in relieving the pressure of the enhanced volume of purchasing power on the limited supplies of goods and services which in present conditions are available for consumption. It is in the light of this broad conclusion that the budget proposals which I will now proceed to explain have been framed.

30. The first proposal is that incomes of from Rs. 1,000 to Rs. 2,000 per annum shall be made liable to income-tax, but that the tax will not be leviable if the assessee deposits in a Savings Bank account a prescribed sum which works out to approximately  $1\frac{1}{2}$  times the amount of tax which he would otherwise have to pay. The proposed rate of tax is 6 pies in the rupee on the excess of the year's income over Rs. 750. The sum to be deposited in the Savings Bank account to discharge the liability to tax is Re. 1 for every Rs. 25 of the excess of income over Rs. 750. Thus on an income of Rs. 1,500 the tax would be Rs. 23-7-0 and the optional Savings Bank deposit would be Rs. 30. The intention is that the deposit should be made in the Post Office Defence Savings Bank, from which sums cannot ordinarily be withdrawn until the expiry of 12 months after the end of the war, and the deposits in which earn interest at the rate of  $2\frac{1}{2}$  per cent. per annum. It will be realised that this is a scheme of saving rather than of taxation, and is considered to be the most suitable way of tackling the problem outlined above in the case of persons with incomes below the existing income-tax limit. The option allowed being of such a favourable nature, the revenue yield must be taken as nil.



31. The second proposal is in respect of the Central surcharge on incomes exceeding Rs. 2,000 per annum. Hitherto the surcharge has been applied in the form of a flat percentage on the basic rates of income-tax and super-tax throughout the whole range of incomes. The percentage method however inevitably results in a rapid steepening of the rate of progression of the incidence of the tax up the income-tax scale. With the basic scale itself highly progressive, as it has been in India since 1939, there are obvious limitations to the extent to which any further steepening can proceed. It is therefore proposed to abandon that method now and to fix the income-tax surcharge for next year at 6 pies in the rupee on the first slab of taxable income between Rs. 1,500 and Rs. 5,000, at 9 pies in the rupee on the next Rs. 5,000, 1 anna 2 pies in the rupee on the next Rs. 5,000, and 1 anna 3 pies in the rupee on the balance of total income. The last-named surcharge is a 50 per cent. surcharge, and similarly the surcharge proposed on the rates of super-tax are equivalent to a 50 per cent. surcharge, while at the same time corporation tax is to be raised to  $1\frac{1}{2}$  annas in the rupee. Since, for the reasons I have just stated, the rate of surcharge in the lower ranges of income will be somewhat in excess of 50 per cent. it is proposed that a portion of the tax paid in respect of incomes up to Rs. 6,000 will be funded and repaid to the assessee after the end of the war. The amount to be so funded will be one-half per cent. of the assessee's total income. Thus on an income of Rs. 3,000 per annum the gross tax would be Rs. 117-3-0, of which an amount of Rs. 15 would be funded. The way in which these proposals will work out in practice will be apparent from the statement which forms Part III of the Explanatory Memorandum. It will be seen that the incidence of the tax progresses steadily from less than 2 per cent on an income of a little over Rs. 2,000 to 85 per cent. on an income of Rs. 30 lakhs a year.

32. The third proposal in the sphere of direct taxation relates to the Excess Profits Tax. It is proposed that the profits of a further period of one year shall be subjected to this tax, and that the rate applicable to such profits shall be the existing rate of  $66\frac{2}{3}$  per cent. One modification is however proposed. The Government are impressed with the need for stimulating the incentive to economy and efficiency in the administration of business; they also realise the importance of enabling industry to build up a reserve for its rehabilitation and re-equipment after the war; and they are convinced of the necessity for immobilising during the period of the war as much as possible of the excess profits earned so as to prevent postponable private expenditure from exerting an undesirable influence on the price level. In order to assist in securing these several, and in a sense mutually incompatible, objectives the Government are prepared to contribute an amount not exceeding one-tenth of the net excess profits tax ultimately paid at the rate of  $66\frac{2}{3}$  per cent. (i.e., the odd  $6\frac{2}{3}$  per cent.) provided the assessee deposits double the amount so contributed. The assessee's deposit will be repayable within 12 months after the end of the war and will earn simple interest at the rate of 2 per cent. per annum. The Government's contribution will also be paid out after the war, at such time and subject to such conditions as may be determined. The Post-War Reconstruction Committee will be asked to advise on the formulation of these conditions. Both the Government contribution and the interest on the assessee's deposit will be treated as taxable receipts in the year in which they are paid.

33. In the sphere of indirect taxation, the main proposal is to levy a 20 per cent. emergency surcharge over the whole field of customs import duties in view of the anticipated heavy shortfall in this, for long the main pillar of Central revenues. Raw cotton will be exempted from this surcharge, since it has only recently been subjected to an additional duty for a special purpose. Motor spirit will constitute another exception as being the subject of separate



treatment, since it is proposed to enhance the excise duty on motor spirit by three annas a gallon with a corresponding automatic increase in the import duty. A few imports from Burma will also have to be exempted from the general surcharge on account of the provisions of the trade agreement concluded with that country last year, while the import duty on salt will continue at the same rate as the duty now levied on indigenous salt. These proposals will, by virtue of a declaration under the Provisional Collection of Taxes Act, come into effect at once.

34. Lastly, certain increases are proposed in the posts and telegraphs rates, *viz.*, an increase in the ordinary letter rate from  $1\frac{1}{2}$  annas to  $1\frac{3}{4}$  annas, the postcard rate remaining unchanged; an increase in the minimum charge for an ordinary telegram from 10 annas to 12 annas and for an express telegram from Rs. 1-4-0 to Rs. 1-8-0; also increases in telephone rentals, and the surcharge on trunk call fees to be raised from 10 per cent. to 20 per cent.

35. It is difficult, if not impossible, to estimate with any approach to accuracy the additional revenue which will be derived from these various measures. Much depends upon the future course of world events. On the best information available to us we put the net addition to revenue from the proposals relating to direct taxation at Rs. 5,30 lakhs, excluding repayable deposits and refundable elements which are to be treated as borrowings. Similarly we estimate the additional revenue in the field of indirect taxation at Rs. 5,70 lakhs, and that from the increases in posts and telegraphs rates at Rs. 1,00 lakhs. The total additional revenue from all the proposals thus comes to Rs. 12 crores, or about one-quarter of the prospective deficit with which we were faced, leaving an uncovered deficit to be met from borrowings of Rs. 35,07 lakhs. This will mean a substantial addition to the public debt but, as I stated at the beginning of this speech, it has to be regarded against the background of the growing intensity of India's war effort and of the resulting changes in her economy, which on balance have undoubtedly been greatly to her advantage. However dark and anxious the present may be, there are solid grounds for a spirit of confidence and sober optimism that India will emerge strong and well-equipped to play a worthy part in the new world that lies ahead after victory has been achieved.



Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1942-43.

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
	<b>A.—EXPENDITURE CHARGED TO REVENUE.</b>		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
1	Customs . . . . .	Customs . . . . .	78,82,000	13,09,000	91,91,000
2	Central Excise Duties . . . . .	Central Excise Duties . . . . .	11,04,000	83,17,000	94,21,000
3	Taxes on Income including Corporation Tax.	Taxes on Income . . . . .	84,12,000	1,56,000	85,68,000
4	Salt . . . . .	Salt . . . . .	62,43,000	44,23,000	1,06,66,000
5	Opium . . . . .	Opium . . . . .	48,16,000	74,000	48,90,000
6	Provincial Excise . . . . .	Excise . . . . .	4,11,000	28,000	4,39,000
7	Stamps . . . . .	Stamps . . . . .	27,39,000	2,49,000	29,88,000
8	Forest . . . . .	Forest . . . . .	7,69,000	3,19,000	10,88,000
9	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	1,93,000	10,09,000	12,02,000
10	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	11,72,94,000	83,21,000	12,56,15,000
11	Interest on Debt and other Obligations and Reduction or Avoidance of Debt.	Interest on Debt and other Obligations and Reduction or Avoidance of Debt.	81,63,000	9,90,11,000	10,71,74,000
12	Executive Council . . . . .	General Administration.	1,85,000	7,27,000	9,12,000
13	Council of State . . . . .		1,27,000	...	1,27,000
14	Legislative Assembly and Legislative Assembly Department.		8,09,000	57,000	8,66,000
15	Home Department . . . . .		5,45,000	24,02,000	29,47,000
16	(Civil Defence Department . . . . .		1,88,000	2,09,000	3,95,000
17	Department of Information and Broadcasting.		11,35,000	99,000	12,34,000
18	Legislative Department . . . . .		5,46,000	1,93,000	7,39,000
19	Department of Education, Health and Lands.		5,16,000	1,54,000	6,70,000
20	Department of Indian overseas . . . . .		1,88,000	1,04,000	2,42,000
21	Finance Department . . . . .		5,40,000	25,87,000	31,27,000
22	Commerce Department . . . . .	General Administration.	9,58,000	4,31,000	13,89,000
23	Department of Labour . . . . .		6,14,000	2,18,000	8,32,000
24	Department of Communications . . . . .		2,30,000	1,36,000	3,66,000
25	Central Board of Revenue . . . . .		6,45,000	2,00,000	8,45,000
26	India Office and High Commissioner's Establishment charges.		18,23,000	21,91,000	40,14,000
27	Payments to other Governments, Departments, etc., on account of administration of Agency Subjects & management of Treasuries.		1,11,000	...	1,11,000
28	Audit . . . . .	General Administration.	88,68,000	6,64,000	95,32,000
29	Administration of Justice . . . . .		56,000	3,31,000	3,87,000
30	Police . . . . .		28,35,000	...	28,35,000
31	Ports and Pilotage . . . . .		15,96,000	8,71,000	24,67,000
32	Lighthouses and Lightships . . . . .		7,87,000	10,000	7,97,000
33	Survey of India . . . . .		14,27,000	4,25,000	18,52,000
34	Botanical Survey . . . . .		46,000	18,000	64,000
35	Zoological Survey . . . . .		1,21,000	51,000	1,72,000
36	Geological Survey . . . . .		3,59,000	1,40,000	4,99,000
37	Mines . . . . .		1,50,000	1,07,000	2,57,000
38	Archæology . . . . .	General Administration.	11,53,000	62,000	12,15,000
39	Meteorology . . . . .		23,75,000	86,000	24,61,000
	<b>Total Carried over . . . . .</b>		<b>18,69,07,000</b>	<b>13,56,89,000</b>	<b>32,25,96,000</b>



Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1942-43—*contd.*

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
		Brought forward .	Rs. 18,69,07,000	Rs. 13,56,59,000	Rs. 32,25,96,000
	A.—EXPENDITURE CHARGED TO REVENUE— <i>contd.</i>				
40	Other Scientific Departments .	Scientific Departments.	3,22,000	...	3,22,000
41	Education . . . . .	Education . . . . .	11,37,000	2,000	11,39,000
42	Medical Services . . . . .	Medical . . . . .	11,19,000	2,37,000	13,56,000
43	Public Health . . . . .	Public Health . . . . .	11,37,000	1,59,000	13,26,000
44	Agriculture . . . . .	Agriculture . . . . .	31,36,000	2,00,91,000	2,32,27,000
45	Imperial Council of Agricultural Research.	Do. . . . .	3,37,000	18,81,000	22,18,000
46	Agricultural Marketing . . . . .	Do. . . . .	4,53,000	25,000	4,78,000
47	Imperial Institute of Sugar Technology.	Do. . . . .	1,000	..	1,000
48	Civil Veterinary Services . . . . .	Veterinary . . . . .	9,43,000	27,000	9,70,000
49	Industries . . . . .	Industries . . . . .	9,11,000	1,000	9,12,000
50	Scientific and Industrial Research	Do. . . . .	14,35,000	..	14,35,000
51	Aviation . . . . .	Aviation . . . . .	1,23,97,000	..	1,23,97,000
52	Broadcasting . . . . .	Broadcasting . . . . .	58,70,000	22,000	58,93,000
53	Capital outlay on Broadcasting (Charged to Revenue).	Capital outlay on Broadcasting charged to Revenue.	1,000	..	1,000
54	Emigration—Internal . . . . .	Miscellaneous Departments.	14,000	..	14,000
55	„ External . . . . .	Do. . . . .	2,61,000	1,60,000	4,21,000
56	Commercial Intelligence and Statistics.	Do. . . . .	8,48,000	65,000	9,13,000
57	Census . . . . .	Do. . . . .	4,000	9,000	13,000
58	Joint-Stock Companies . . . . .	Do. . . . .	1,86,000	..	1,86,000
59	Miscellaneous Departments . . . . .	Do. . . . .	9,22,000	25,000	9,47,000
60	Currency . . . . .	Currency . . . . .	59,15,000	2,22,000	61,37,000
61	Mint . . . . .	Mint . . . . .	90,80,000	1,08,000	91,88,000
62	Civil Works . . . . .	Civil Works . . . . .	1,45,21,000	24,91,000	1,70,12,000
63	Central Road Fund . . . . .	Do. . . . .	1,28,00,000	...	1,28,00,000
64	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	1,12,56,000	1,01,17,000	2,13,73,000
65	Stationery and Printing . . . . .	Stationery and Printing.	1,13,24,000	61,000	1,13,85,000
66	Miscellaneous . . . . .	Miscellaneous . . . . .	21,01,000	2,29,000	23,30,000
67	Grants-in-aid to Provincial Governments.	Grants-in-aid to Provincial Governments.	1,00,000	2,75,00,000	2,76,00,000
68	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	1,28,000	..	1,28,000
69	Civil Defence . . . . .	Civil Defence . . . . .	3,89,59,000	43,000	3,90,02,000
70	Delhi . . . . .	Distributed over respective heads of account.	56,22,000	2,22,000	58,44,000
71	Ajmer-Merwara . . . . .		30,98,000	2,37,000	33,85,000
72	Panth Piploda . . . . .		13,000	..	13,000
73	Andaman and Nicobar Islands . . . . .		44,59,000	1,78,000	46,37,000
	Total carried over		33,77,17,000	19,98,82,000	53,75,99,000



Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1942-43—concl'd.

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	A.—EXPENDITURE CHARGED TO REVENUE—concl'd.	Brought forward .	33,77,17,000	19,88,82,000	53,75,99,000
Non-voted.	Staff, Household and Allowances of the Governor General.	General Administration.	...	19,57,000	19,57,000
	Secretariat of the Governor General.		...	4,83,000	4,83,000
	Federal Public Service Commission.		...	4,71,000	4,71,000
	Defence Department . . . .		...	8,31,000	8,31,000
	National Defence Council . .	Ecclesiastical	...	1,02,000	1,02,000
	Ecclesiastical . . . . .		...	6,51,000	6,51,000
	Payments to Crown Representative	Payments to Crown Representative.	...	1,38,68,000	1,38,68,000
	Tribal Areas . . . . .	Tribal Areas . .	...	2,48,05,000	2,48,05,000
	External Affairs . . . . .	External Affairs .	...	79,23,000	79,23,000
	Baluchistan . . . . .	Distributed over respective heads of account.	...	80,61,000	80,61,000
	Defence Services . . . . .	Defence Services .	...	1,34,95,57,000	1,34,95,57,000
	Department of Supply . . . .	Expenditure . . . .	...	1,71,03,000	1,71,03,000
	Miscellaneous expenditure connected with the war . . . . .	connected with the war, 1939.	...	5,25,67,000	5,25,67,000
	TOTAL . . . . .		33,77,17,000	1,67,82,69,000	2,01,59,78,000 (a)
	B.—EXPENDITURE CHARGED TO CAPITAL.				
74	Indian Posts and Telegraphs .	Capital outlay on Posts and Telegraphs.	20,89,000	...	20,89,000
75	Indian Posts and Telegraphs—Stores Suspense (Not charged to Revenue).	Do. . . . .	35,000	...	35,000
76	Indian Posts and Telegraphs—Capital outlay on Telephone Projects (Not charged to Revenue).	Do. . . . .	1,000	...	1,000
77	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	1,50,000	...	1,50,000
78	Delhi Capital outlay . . . .	Initial expenditure on New Capital at Delhi.	24,16,000	...	24,16,000
79	Commuted value of Pensions	Payment of Commuted Value of Pensions.	1,000	...	1,000
	TOTAL . . . . .		46,92,000	...	46,92,000
	C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
80	Interest-free advances . . . .		1,58,72,000	...	1,58,72,000
81	Loans and advances bearing interest.		1,55,03,000	...	1,55,03,000
	Advances to Crown Representative for Loans to Indian States and Notabilities.		...	6,93,000	6,93,000
	TOTAL . . . . .		3,18,75,000	6,93,000	3,20,68,000
	GRAND TOTAL . . . . .		87,37,84,000	1,67,89,62,000	2,05,27,36,000

(a) Expenditure shown in the Budget Statement	Rs.
Add—Posts and Telegraphs Working Expenses	2,26,54,91,000
Irrigation Working Expenses	11,84,55,000
Credit to Capital outlay on Posts and Telegraphs	2,97,000
Imperial Institute of Sugar Technology	75,000
Broadcasting Capital Outlay	1,000
	1,000
	2,38,48,20,000
Deduct—Railway Expenditure	—86,88,44,000
	2,01,59,76,000



**GOVERNMENT OF INDIA.**  
**LEGISLATIVE DEPARTMENT.**

*New Delhi, the 30th March 1942.*

The following Act of the Indian Legislature received the assent of the Governor General on the 26th March, 1942, and is hereby promulgated for general information :—

ACT No. XII OF 1942.

*An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged.*

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged ;

It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Finance Act, 1942. Short title and extent.

(2) It extends to the whole of British India.

2. The provisions of section 7 of the Indian Salt Act 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1942, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. Fixation of salt duty.



## APPENDIX

## Ordinary Working Expenses

Railways.	1924-25.	1925-26.	1926-27.	1927-28.	1928-9.	1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>State Railways managed by the State—</b>										
Burma .	2,18	2,32	2,40	2,49	2,76	2,57	2,45	2,30	2,33	2,20
Assam Bengal	82	83	89	97	1,02	1,13	94	1,11	1,09	1,03
Eastern Bengal	3,47	3,83	3,63	3,73	3,86	3,84	3,73	3,74	3,29	3,24
Bengal and Assam.	..	..	..	..	..	..	..	..	..	..
Bombay, Baroda and Central India.	5,91	6,24	6,05	5,84	6,08	6,07	6,03	4,96	5,50	5,48
East Indian	10,54	10,11	9,91	9,85	10,02	10,21	10,11	9,95	9,02	9,17
Great Indian Peninsula.	8,05	9,05	8,81	8,19	8,37	8,37	8,47	8,47	7,13	7,21
North Western—Commercial Lines.	7,46	7,00	7,74	7,98	7,94	8,47	7,77	9,03	7,74	7,37
Strategic Lines	1,56	1,45	1,52	1,58	1,60	1,68	1,56	1,76	1,38	1,46
<b>State Railways managed by Companies or Indian States—</b>										
Bengal Nagpur	4,78	4,81	4,44	5,04	5,11	5,51	4,94	5,02	4,83	4,80
Jodhpur .	17	17	16	15	17	17	17	15	15	15
Lucknow Bareilly.	12	13	16	15	14	15	14	23	16	16
Madras and Southern Mahratta	3,63	3,87	3,95	3,94	3,99	3,95	3,89	3,75	3,40	3,30
South Indian	2,60	2,69	2,55	2,60	2,63	2,79	2,64	2,78	2,63	2,77
Tirhoot .	36	44	57	59	51	52	50	98	56	61
Other Railways.	5	5	11	—4	2	16	6	11	10	4
<b>Total .</b>	<b>51,65</b>	<b>52,99</b>	<b>52,89</b>	<b>53,06</b>	<b>54,22</b>	<b>55,59</b>	<b>53,40</b>	<b>54,39</b>	<b>49,31</b>	<b>49,08</b>

NOTE.—Credits for material released from works not charged to revenue were taken in been added to miscellaneous receipts and from



## V-B

(excluding worked lines)

(In lakhs of rupees.)

1933-34.	1934-35.	Average 1930-31 to 1934-35	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Average 1935-36 to 1939-40.	1940-41.	Revised estimate, 1941-42.	Budget estimate, 1942-43.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,27	2,30	2,28	2,26	2,07	..	..	..	2,17	..	..	..
1,08	1,17	1,10	1,13	1,10	1,16	1,20	1,18	1,15	1,23	1,28	..
3,36	3,45	3,42	3,65	3,71	3,81	4,08	4,61	3,97	4,17	4,72	...
..	..	..	..	..	..	..	..	..	..	..	5,87
5,28	5,49	5,34	5,39	5,60	5,69	5,81	5,80	5,66	6,03	6,56	6,27
9,22	9,31	9,33	9,37	9,33	10,24	10,47	10,59	10,00	10,94	13,27	11,54
7,13	6,88	7,38	6,90	6,66	6,78	6,91	6,88	6,83	7,09	8,93	8,59
7,72	7,81	7,93	7,72	7,73	8,11	8,10	7,87	7,90	8,21	9,03	8,65
1,42	1,47	1,50	1,52	1,43	1,41	1,35	1,33	1,41	1,41	1,52	1,53
4,94	5,13	4,96	5,52	5,37	5,53	5,74	6,10	5,65	6,12	6,54	6,69
18	18	16	19	20	20	21	22	21	21	24	24
16	15	17	16	15	17	18	18	17	20	22	25
3,39	3,47	3,46	3,52	3,37	3,66	3,79	3,80	3,63	3,80	4,15	4,16
2,71	2,73	2,72	2,78	2,72	2,82	2,86	2,90	2,82	2,87	3,19	3,31
57	66	68	69	72	71	71	72	71	65	73	95
7	7	8	7	7	8	7	8	7	8	7	8
49,50	50,27	50,51	50,87	50,23	50,37	51,48	52,26	52,35	53,01	60,45	58,18

reduction of operating expenses up to 1931-32; but from 1932-33 onwards they have 1936-37 credited to the Depreciation Fund.



on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1941, on his total income the same proportion as the amount of such inclusions bears to his total income. VII of 1941.

(3) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (1) of this section, and in accordance with the provisions of sub-section (2) of this section where applicable. XI of 1922.

(4) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (2) no tax shall be payable in cases to which sub-paragraph (a) of paragraph A of Part I of Schedule II applies where the assessee deposits with the Central Government in such manner and in accordance with such conditions as the Central Government may by rule prescribe for the purposes of this sub-section an amount representing not less than one rupee for every complete unit of twenty-five rupees by which his total income exceeds seven hundred and fifty rupees :

Provided that where the total income includes any income chargeable under the head "Salaries" or under the head "Interest on Securities" or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.

XI of 1922.

(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit. v of 1920.



XI of 1922.

(7) Where the total income of an assessee referred to in sub-paragraph (b) of paragraph A of Part I of Schedule II does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the deductions, if any, allowed under the second proviso to sub-section (1) of section 7, section 15 and sub-section (1) of section 58 F of the Indian Income-tax Act, 1922, shall be funded for the assessee's benefit and shall be paid to him on such date, not more than twelve months after the termination of the present hostilities, as the Central Government may fix :

Provided that nothing in this sub-section shall apply to any part of total income to which clause (a) of sub-section (2) applies.

*Explanation.*—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

XV of 1940.

9. (1) In sub-clause (a) of clause (6) of section 2 of the Excess Profits Tax Act, 1940, for the words and figures " 31st day of March, 1942 " the words and figures " 31st day of March, 1943 " shall be substituted.

Continuance of  
and rate of  
Excess Profits  
Tax.

XV of 1940.

(2) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940, shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1942, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

XV of 1940.

10. (1) If before the 1st day of July, 1942, or within thirty days of the date on which any excess profits tax, charged under the provisions of the Excess Profits Tax Act, 1940, at the rate of sixty-six and two-thirds per cent. becomes payable, whichever of these dates is later, a further sum not exceeding one-fifth of the amount of the said excess profits tax is deposited with the Central Government, the Central Government shall repay, at such date and subject to such conditions as it may hereafter determine, so much of the said excess profits tax as shall be equal to one-tenth of the amount thereof or to one-half of such further sum deposited, whichever is the less :

Funding of  
one-tenth of  
Excess Profits  
Tax.

Provided that, if the said excess profits tax is thereafter reduced, whether by relief given in respect of a deficiency of profits, or by relief given in respect of double excess profits taxation or otherwise, and whether by refund or otherwise, the portion of the tax to be repaid under this section shall be correspondingly reduced :



Provided further that if the said excess profits tax is so reduced, the maximum sum that may be deposited with the Central Government under this section shall also be correspondingly reduced :

Provided further that the provisions of this section shall apply in respect of excess profits tax to which the section applies which became payable before the commencement of this Act if the further sum referred to herein is deposited before the 1st day of July, 1942 :

Provided further that in relation to excess profits<sup>s</sup> tax payable under the Excess Profits Tax Act, 1940, in respect of any profits which are also liable to assessment to excess profits tax under the law in force in the United Kingdom it shall be unnecessary to deposit the further sum referred to in this section, and the amount repayable by the Central Government under this section shall, subject to the first proviso, be one-tenth of the amount of the excess profits tax payable at the rate of sixty-six and two-thirds per cent. under the Excess Profits Tax Act, 1940. XV of 1940.

(2) Any sum deposited with the Central Government under sub-section (1) shall carry simple interest at the rate of two per cent. per annum and shall be repaid within twelve months of the date of termination of the present hostilities.

(3) The Central Government may, by notification in the official Gazette, make rules for carrying out the purposes of this section and for prescribing the manner and conditions referred to in sub-section (5) of section 8.



**SCHEDULE I.**

Schedule to be inserted in the Indian Post Office Act, 1898.

[See Section 6.]

**“ THE FIRST SCHEDULE.****INLAND POSTAGE RATES.**

[See Section 7.]

*Letters.*

For a weight not exceeding one tola . . . . .	One and a half annas.
For every tola, or fraction thereof, exceeding one tola . . . . .	Half an anna.

*Postcards.*

Single . . . . .	Nine pies.
Reply . . . . .	One and a half annas.

*Book, Pattern and Sample Packets.*

For the first five tolas or fraction thereof . . . . .	Nine pies.
For every additional two and a half tolas, or fraction thereof, in excess of five tolas . . . . .	Three pies.

*Registered Newspapers.*

For a weight not exceeding ten tolas . . . . .	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas . . . . .	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas . . . . .	Half an anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas . . . . .	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas . . . . .	Quarter of an anna.
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	

*Parcels.*

For a weight not exceeding forty tolas . . . . .	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas . . . . .	Four annas.”



**SCHEDULE II.**

(See section 8.)

**PART I.***Rates of Income-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies :—

(a) Where the total income does not exceed Rs. 2,000—

	Rate.
1. On the first Rs. 750 of total income . . . . .	<i>Nil.</i>
2. On the next Rs. 1,250 of total income . . . . .	Six pies in the rupee.

Provided that no tax shall be payable on a total income which does not exceed Rs. 1,500.

(b) Where the total income exceeds Rs. 2,000—

	Rate.	Surcharge.
1. On the first Rs. 1,500 of total income	<i>Nil</i> . . . . .	<i>Nil.</i>
2. On the next Rs. 3,500 of total income . . . . .	Nine pies in the rupee.	Six pies in the rupee.
3. On the next Rs. 5,000 of total income . . . . .	One anna and three pies in the rupee.	Nine pies in the rupee.
4. On the next Rs. 5,000 of total income . . . . .	Two annas in the rupee.	One anna and two pies in the rupee.
5. On the balance of total income . . . . .	Two annas and six pies in the rupee.	One anna and three pies in the rupee.

B.—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate.	Surcharge.
On the whole of total income . . . . .	Two annas and six pies in the rupee.	One anna and three pies in the rupee.

**PART II.***Rates of Super-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B and C of this Part apply—

	Rate.	Surcharge.
1. On the first Rs. 25,000 of total income . . . . .	<i>Nil</i> . . . . .	<i>Nil.</i>
2. On the next Rs. 10,000 of total income . . . . .	One anna in the rupee.	Six pies in the rupee.
3. On the next Rs. 20,000 of total income . . . . .	Two annas in the rupee.	One anna in the rupee.
4. On the next Rs. 70,000 of total income . . . . .	Three annas in the rupee.	One anna and six pies in the rupee.
5. On the next Rs. 75,000 of total income . . . . .	Four annas in the rupee.	Two annas in the rupee.
6. On the next Rs. 1,50,000 of total income . . . . .	Five annas in the rupee.	Two annas and six pies in the rupee.
7. On the next Rs. 1,50,000 of total income . . . . .	Six annas in the rupee.	Three annas in the rupee.
8. On the balance of total income . . . . .	Seven annas in the rupee.	Three annas and six pies in the rupee.



**B.—In the case of every local authority—**

	Rate.	Surcharge.
On the whole of total income . . . .	One anna in the	Six pies in the rupee.

**C.—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—**

	Rate.	Surcharge.
1. On the first Rs. 25,000 of total income .	<i>Nil</i>	<i>Nil</i> .
2. On the balance of total income . . . .	One anna in the	Six pies in the rupee.

**D.—In the case of every company—**

	Rate.
On the whole of total income . . . .	One anna and six pies in the rupee.

G. H. SPENCE,

*Secy. to the Govt. of India.*



No. D./3459-B.

GOVERNMENT OF INDIA.  
**FINANCE DEPARTMENT.**

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*New Delhi, the 17th April 1942.*

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RESOLUTION.

The statements\* relating to the Revised Estimates for 1941-42 and the Budget Estimates for 1942-43, which were presented to the Legislative Assembly and the Council of State on the 28th February 1942 and accepted without any modifications, are now published, as usual, for general information.

2. The amendments to the Finance Bill accepted by Government will not result in a material alteration of the revenue estimates for 1942-43 as previously adopted and no change has accordingly been made in those estimates.

C. E. JONES,

*Secy. to the Govt. of India.*

\*The Railway and Central Budget statements as finally adopted have been printed on pages 9—17 of Part I and on pages 21—38 of Part II of this Volume.



### INTRODUCTORY NOTES

The statements in explanation of the revenue and expenditure of the Government of India and of the ways and means estimates which are given in Part I of this Memorandum are on the same lines as those of previous years. Unless otherwise stated, all amounts are in lakhs of rupees and the expressions "last year", "current year" and "next year" stand for the financial years 1940-41, 1941-42 and 1942-43 respectively. The current year's sterling expenditure has been converted at the rate of  $1s. 5 \frac{15}{16}d.$  on the basis of the actual rates for the first ten months of the year, but in accordance with the usual practice the budget estimates for 1942-43 are based on the standard rate of  $1s. 6d.$  The statements include only the net expenditure on the Defence Services, the net surplus of the Posts and Telegraphs Department and the net contribution paid by the Railways to general revenues. But, unless otherwise stated, the cost of collection is treated as expenditure and is not deducted from the figures on the revenue side.

2. A new Part II has been added to the Memorandum this year in explanation of the economic background against which the budget proposals are to be judged. This includes statements of prices, cost of living indices, trade returns and currency circulation with notes on the trends indicated by the figures.

3. Part III contains a statement to show the amounts of tax payable by different incomes under the new rates of income-tax, super-tax and surcharge proposed in the Finance Bill.



# **PART I.** **STATEMENT I.**

## **Revenue Estimates.**

	1940-41, Accounts.	1941-42, Budget.	1941-42, Revised.	1942-43, Budget
Customs . . . . .	37,30	35,11	36,00	35,35
Central Excise Duties . . . . .	9,49	12,10	12,30	12,65
Corporation Tax . . . . .	4,14	12,62	11,30	21,99
Taxes on Income other than Corporation Tax . . . . .	21,79	27,46	32,13	42,00
Salt . . . . .	7,67	8,30	9,10	9,00
Opium . . . . .	48	53	70	82
Interest . . . . .	79	61	62	60
Civil Administration . . . . .	1,13	1,13	1,05	1,02
Currency and Mint . . . . .	1,94	2,21	3,42	3,26
Civil Works . . . . .	36	28	34	35
Receipts from Indian States . . . . .	63	63	62	63
Other sources of revenue . . . . .	2,66	2,65	4,87	6,09
Posts and Telegraphs :—				
Net contribution to general revenues . . . . .	1,25	1,40	3,19	4,23
Railways :—				
Net contribution to general revenues . . . . .	12,16	10,18	19,12	20,13
Deduct :—				
Share of income tax revenue payable to Provinces . . . . .	—4,16	—4,46	—7,39	—8,37
Total . . . . .	97,63	1,10,75	1,27,37	1,49,75
Add :—				
Payments by Burma . . . . .	2,25	2,25	2,25	2,25
Transfers from Revenue Reserve Fund . . . . .	7,77	..	..	..
GRAND TOTAL . . . . .	1,07,65	1,13,00	1,29,62	1,52,00



## Notes on the Revenue Estimates.

*Customs.*—In present circumstances it is extremely difficult to frame any accurate estimate of Customs revenue in the coming year. The Budget Estimate for 1942-43 includes Rs. 5·35 crores from proceeds of additional taxation as explained in paragraphs 46 and 47 of the Hon'ble the Finance Member's Budget Speech. Excluding this, the figure of Rs. 30 crores assumed on the basis of the previous rates of duty allows for a drop of Rs. 8 crores on account of loss of trade due to the war in the Pacific and includes Rs. 2 crores as the estimated yield from the special additional import duty on raw cotton, recently imposed to finance measures for the relief of short staple cotton growers. The detailed distribution is as follows:—

## STATEMENT II.

	1940-41, Accounts.	1941-42, Budget.	1941-42, Revised.	1942-43; Budget.
<b>SEA CUSTOMS—IMPORTS.</b>				
<i>I.—Revenue duties.</i>				
Ale, beer, porter, cider and other fermented liquors . . . . .	26·83	25·00	24·75	24·25
Spirits and liqueurs . . . . .	1,43·90	1,25·00	1,44·00	1,50·00
Wines . . . . .	7·03	6·00	7·55	8·25
Spices . . . . .	17·18	16·00	25·35	19·50
Tea . . . . .	1·55	1·00	1·40	1·75
Tobacco . . . . .	1,74·61	1,60·00	1,75·00	1,68·25
Kerosene oil . . . . .	3,35·69	3,50·00	4,00·00	3,60·00
Motor spirit . . . . .	5,89·88	5,40·00	5,43·00	5,45·00
Oils, batching, fuel and lubricating . . . . .	49·43	40·00	50·00	47·50
Cotton, raw . . . . .	1,22·23	1,00·00	2,10·00	4,00·00
Boots and shoes . . . . .	·75	1·00	·87	·75
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof . . . . .	87·89	90·00	75·00	66·00
Electric lighting bulbs . . . . .	11·06	10·00	13·65	11·50
Wireless reception instruments and apparatus . . . . .	18·47	18·00	21·90	22·75
Dyes derived from coal-tar and coal-tar derivatives . . . . .	41·77	25·00	44·20	33·75
Machinery . . . . .	1,45·02	1,55·00	1,64·00	1,44·50
Iron and Steel . . . . .	69·69	50·00	62·50	66·50
Silver bullion, coin, sheets, plates and other manufactures . . . . .	21·80	24·00	80·00	57·50
Tin, block . . . . .	7·68	6·00	14·20	6·50
Metals, other than iron and steel, silver and block tin . . . . .	68·20	60·00	59·50	63·50
Railway plant and rolling stock . . . . .	10·82	12·00	5·45	6·25
Artificial silk yarn and thread . . . . .	88·80	1,16·00	60·00	17·75
Yarns and textile fabrics, others . . . . .	62·83	60·00	64·30	41·00
Cinematograph films . . . . .	11·38	11·00	13·55	12·00
Portland cement excluding white Portland cement . . . . .	·09	·15	·01	..
Pneumatic rubber tyres and tubes . . . . .	15·25	15·85	9·60	9·00
Toys, games and sports goods . . . . .	9·27	10·00	8·20	6·25
Betelnuts . . . . .	73·26	70·00	55·02	33·75
All other articles . . . . .	9,10·67	8,25·00	9,21·00	10,04·00



## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

	1940-41 Accounts.	1941-42, Budget. Revised.	1942-43 Budget.
<i>II.—Protective duties.</i>			
Wheat and wheat flour . . . . .	08	08	08
Broken rice . . . . .	08	06	..
Sugar . . . . .	18.24	20.00	2.45
Heavy chemicals . . . . .	..	15	01
Iron and steel . . . . .	37.76	39.76	29.15
Silver wire, thread and other manufactures . . . . .	16	17	08
Paper and stationery . . . . .	8.92	7.83	3.85
Raw silk . . . . .	30.12	26.00	24.14
Silk yarn and thread . . . . .	12.94	10.00	6.90
Cotton yarn and thread . . . . .	21.27	20.00	10.82
Cotton fabrics of British manufacture . . . . .	27.28	29.00	19.75
Cotton fabrics not of British manufacture . . . . .	2,40.97	2,30.00	81.00
Silk fabrics . . . . .	29.55	20.00	17.85
Cotton hosiery . . . . .	5.77	5.00	3.85
Artificial silk fabrics . . . . .	1,25.79	1,00.00	74.95
Fabrics of artificial silk mixed with other materials . . . . .	18.21	12.00	9.00
Other textile manufactures . . . . .	27.45	20.00	21.75
Matches, match splints and veneers . . . . .	30.69	20.00	20.22
Wood pulp . . . . .	3.10	3.00	3.20
<b>TOTAL IMPORTS</b>	<b>37,55.66</b>	<b>34,85.00</b>	<b>35,83.00</b>
<b>SEA CUSTOMS—EXPORTS.</b>			
<i>Jute—</i>			
Raw . . . . .	65.89	3,60.00	3,04.00
Manufactured . . . . .	2,46.26		
Rice . . . . .	12.50	10.00	13.48
Other agricultural produce . . . . .	11.60	12.00	16.52
<b>TOTAL EXPORTS</b>	<b>3,36.25</b>	<b>3,82.00</b>	<b>3,34.00</b>
<b>Land Customs</b>			
Miscellaneous . . . . .	28.54	30.00	29.00
	17.04	14.00	34.00
<b>TOTAL GROSS REVENUE</b>	<b>41,37.49</b>	<b>39,11.00</b>	<b>39,30.00</b>
<i>Deduct—Refunds</i>	<i>2,22.69</i>	<i>1,75.00</i>	<i>1,90.00</i>
<i>Deduct—Share of Jute Export Duty assigned to Provinces</i>	<i>1,85.12</i>	<i>2,25.00</i>	<i>1,90.00</i>
<b>NET REVENUE</b>	<b>37,29.68</b>	<b>35,11.00</b>	<b>35,35.00</b>



*Central Excise Duties.*—The details of revenue from Central Excise Duties including Rs. 35 lakhs for proceeds of additional taxation as explained in paragraphs 46 and 47 of the Hon'ble the Finance Member's Budget Speech, are as follows :—

## STATEMENT III.

	1940-41, Accounts.	1941-42, Budget.	1941-42, Revised.	1942-43, Budget.
Motor spirit . . . . .	1,87.78	1,90.00	1,87.00	2,05.00
Kerosene . . . . .	71.42	70.00	70.00	83.00
Sugar . . . . .	3,92.97	4,85.00	5,99.98	5,99.98
Matches . . . . .	2,29.25	3,70.00	2,80.00	2,83.00
Steel ingots . . . . .	50.29	50.00	55.00	55.00
Tyres . . . . .	..	35.00	34.00	34.00
Coal Cess . . . . .	29.82	24.00	30.00	30.00
Miscellaneous . . . . .	..	..	.02	.02
	<u>9,61.53</u>	<u>12,24.00</u>	<u>12,56.00</u>	<u>12,90.00</u>
<i>Deduct—</i>				
Refunds . . . . .	12.92	14.00	26.00	25.00
	<u>9,48.61</u>	<u>12,10.00</u>	<u>12,30.00</u>	<u>12,65.00</u>

*Corporation Tax.*—As compared with the Budget Estimate of Rs. 12.62 lakhs comprising Rs. 2.56 lakhs for ordinary collections and Rs. 90 lakhs for Central Surcharge and Rs. 9.16 lakhs for E. P. T., the Revised Estimate puts ordinary collections at Rs. 3.61 lakhs, Central Surcharge at Rs. 1.09 lakhs and E. P. T. at Rs. 6.60 lakhs, or a total of Rs. 11.30 lakhs. For next year ordinary collections have been taken at Rs. 4.12 lakhs, Central Surcharge at Rs. 2.27 lakhs and E. P. T. at Rs. 15.60 lakhs making a total of Rs. 21.99 lakhs. An addition of Rs. 90 lakhs under Central Surcharge and an equivalent decrease under E. P. T. have been assumed for the increased Surcharge and the E. P. T. concession respectively.

*Taxes on income other than Corporation Tax.*—The original budget estimate of Rs. 27.46 lakhs included Rs. 18.94 lakhs for ordinary collections, Rs. 6.68 lakhs for Central Surcharge and Rs. 1.84 lakhs for E. P. T. The revised estimate of Rs. 32.13 lakhs for the current year and the budget estimate of Rs. 42.00 lakhs for next year are made up as follows :—

	Revised, 1941-42.	Budget, 1942-43.
Ordinary collections . . . . .	23.73	25.33
Surcharge . . . . .	7.00	13.27
E. P. T. . . . .	1.40	3.40
Total . . . . .	<u>32.13</u>	<u>42.00</u>

An addition of Rs. 5.40 lakhs under Central Surcharge and a decrease of Rs. 10 lakhs under E. P. T. have been assumed for the increased Surcharge and the E. P. T. concession respectively.



As the sum to be retained by the Centre from the Provincial moiety will be maintained at Rs. 4,50 lakhs next year, the share of Income-tax revenue to the Provinces is calculated as follows :—

	1941-42, Budget.	1941-42, Revised.	1942-43, Budget.
Total taxes on income other than Corporation tax, excluding Central Surcharge . . . . .	20,78	25,13	28,73
<i>Deduct</i> —Portion attributable to taxes on emoluments of officers serving under the Central Government and to Centrally Administered Areas . . . . .	1,91	2,41	2,52
Share of cost of collection . . . . .	52	55	46
<b>Balance . . . . .</b>	<b>18,35</b>	<b>22,17</b>	<b>25,75</b>
<i>Deduct</i> —Amount to be retained by the Central Government . . . . .	13,68	15,59	17,38
Amount payable to Provinces . . . . .	4,67	6,58	8,37
<i>Add</i> —Previous year's arrears . . . . .	..	81	..
<b>Total . . . . .</b>	<b>4,67</b>	<b>7,39</b>	<b>8,37</b>

*Salt.*—The details of Salt revenue are given below :—

#### STATEMENT IV.

	1940-41, Accounts.	1941-42, Budget. Revised.	1942-43, Budget.
<b>REVENUE.</b>			
Sale of Government Salt . . . . .	28·13	38·72	62·15
Excise duty on Salt manufactured locally . . . . .	5,28·00	5,59·84	7,18·10
Duty on Imported Salt . . . . .	2,39·27	2,41·74	2,27·38
Other miscellaneous receipts . . . . .	10·95	11·22	13·50
<b>TOTAL RECEIPTS . . . . .</b>	<b>8,06·35</b>	<b>8,51·52</b>	<b>10,21·13</b>
<i>Deduct</i> —Refunds . . . . .	39·08	21·52	1,11·13
<b>NET REVENUE . . . . .</b>	<b>7,67·27</b>	<b>8,30·00</b>	<b>9,10·00</b>

The estimates are based on the following total consumption of duty-paid salt :—

	<b>Maunds.</b>
1940-41 (actuals) . . . . .	5,59,49,000
1941-42 (budget) . . . . .	5,00,00,000
1941-42 (revised) . . . . .	5,70,00,000
1942-43 (budget) . . . . .	5,25,00,000



*Opium.*—The details of Opium revenue and expenditure are as follows :—

## STATEMENT V.

	1938-39.	1939-40.	1940-41.	1941-42, Budget.	1941-42, Revised.	1942-43, Budget.
Medical opium .	·11	·16	·51	·40	·15	·15
Excise opium and miscellaneous (less refunds) . . .	50·78	46·98	47·34	52·45	70·15	81·85
Total revenue (re- ceipts less refunds)	50·89	47·14	47·85	52·85	70·30	82·00
Purchase of opium	19·39	16·37	16·15	17·29	16·38	35·69
Other charges .	6·17	7·56	7·23	9·71	8·53	13·21
Total expenditure	25·56	23·93	23·38	27·00	24·91	48·90
Net revenue .	25·33	23·21	24·47	25·85	45·39	33·10

Exports of provision opium to foreign countries ceased at the end of December 1935. Since then the revenue under this head has been derived solely from opium sold for consumption in India.

*Currency and Mint.*—The main items of Currency and Mint receipts are as follows :—

## STATEMENT VI.

	1940-41, Actuals.	1941-42, Budget.	1941-42, Revised.	1942-43, Budget.
(1) Surplus profits of the Reserve Bank	19·40	1,36·40	2,47·22	2,47·22
(2) Profits from circulation of bronze and nickel coin . . . . .	1,45·11	45·00	45·00	45·00
(3) Other items . . . . .	30·10	40·04	50·08	33·28
	1,94·61	2,21·44	3,42·30	3,25·50

The surplus profits of the Reserve Bank paid to Government this year amounted to Rs. 261·76 lakhs. Allowing for Burma's share of Rs. 14·54 lakhs, the net amount accruing to Central Revenues is Rs. 247·22 lakhs and the same amount is being provided for next year.

With effect from 1941-42, only Rs. 45 lakhs out of the profits from the issue of small coin are being taken to revenue and the balance to a suspense account which will be available to even out the receipts over a series of years.

Profits of the Currency Note Press are estimated at Rs. 26 lakhs both this year and the next.

The remaining receipts consist mainly of fees for execution of coinage orders for other Governments.

*Other Sources of Revenue.*—Due to the raising of rates and also to more extensive insurance, premia under the War Risks (Goods) Insurance Scheme are estimated to rise by Rs. 1,41 lakhs to Rs. 2,04 lakhs this year and by a further Rs. 1,20 lakhs to Rs. 3,24 lakhs next year. The payment of these receipts to the Insurance Fund is provided for on the expenditure side which shows a corresponding increase. Recoveries for Stationery stores supplied to



certain outside bodies like the Central Provision Office which are accounted for as revenue are expected to increase by Rs. 16 lakhs this year and by Rs. 32 lakhs next year. Receipts of the Supply Department are estimated to be larger by Rs. 16 lakhs this year and by Rs. 38 lakhs next year, the increase being partly on account of the transfer of the Indian Stores Department receipts from Civil Administration and partly the result of the expansion of the Department's activities. About Rs. 12 lakhs are included this year for licence fees on imports of silver and Rs. 10 lakhs for recovery from the Commercial Departments Provinces, etc. of the difference between the standard rate of 1 *sh.* 6*d.* and the average rate of exchange in respect of net disbursements in England. The balance of the improvement is spread over a number of heads, Stamps, Provincial Excise, etc.



## STATEMENT VII.

## Expenditure Estimates. (a)

Demand or Appropriation.	Actuals, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
1. Customs . . . . .	82.55	89.88	92.11	91.91
2. Central Excise Duties . . . . .	30.88	68.08	81.02	94.21
3. Taxes on Income including Corpora- tion Tax . . . . .	79.03	84.01	84.23	85.68
4. Salt . . . . .	1,01.86	95.31	98.41	1,06.66
5. Opium . . . . .	23.37	27.00	24.91	48.90
6. Provincial Excise . . . . .	3.73	4.37	4.09	4.39
7. Stamps . . . . .	26.43	27.32	34.37	29.88
8. Forest . . . . .	8.73	9.73	8.99	10.88
9. Irrigation, Navigation, Embankment and Drainage Works (excluding Working Expenses) . . . . .	9.06	9.63	9.76	9.05
10. Indian Posts and Telegraphs Depart- ment—				
Capital outlay charged to revenue . . . . .	.47	.12	.25	1.47
11. Interest on Debt and other Obligations and Reduction or Avoidance of Debt. . . . .	12,78.43	12,05.75	8,96.57	10,71.74
12. Executive Council . . . . .	6.24	6.11	7.67	9.12
13. Council of State . . . . .	1.15	1.39	1.05	1.27
14. Legislative Assembly and Legislative Assembly Department . . . . .	7.06	8.69	7.05	8.66
15. Home Department . . . . .	31.31	32.96	34.14	29.47
16. Civil Defence Department . . . . .	..	..	1.25	3.95
17. Department of Information and Broad- casting . . . . .	..	..	1.75	12.34
18. Legislative Department . . . . .	5.13	5.73	7.10	7.39
19. Department of Education, Health and Lands . . . . .	7.89	7.94	7.45	6.70
20. Department of Indians Overseas . . . . .	..	..	.78	2.42
21. Finance Department . . . . .	21.74	22.68	25.78	31.27
22. Commerce Department . . . . .	8.99	9.17	11.20	13.89
23. Department of Labour . . . . .	5.87	6.61	6.32	8.32
24. Department of Communications . . . . .	3.28	3.48	3.20	3.66
25. Central Board of Revenue . . . . .	7.28	7.53	7.50	8.45
26. India Office and High Commissioner's establishment charges . . . . .	41.70	40.71	39.51	40.14
Carried over . . . . .	17,92.18	17,74.20	14,96.46	17,41.82

(a) This statement differs from the Demands for Grants in the following respects:—

- (1) Token demands and demands relating to capital expenditure not charged to revenue and the disbursement of loans and advances have been omitted.
- (2) The amounts shown under "Irrigation" exclude working expenses since they have been taken in deduction of revenue in Statement I.
- (3) Apart from capital outlay charged to revenue, the expenditure of the Posts and Telegraphs Department has been excluded since Statement I shows only the net contribution paid by the Department to general revenues.
- (4) Capital expenditure of the Posts and Telegraphs Department has been taken net.



Demand or Appropriation.	Actuals, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
Brought forward .	17,92·18	17,74·20	14,96·46	17,41·82
27. Payments to other Governments, Departments, etc. on account of the administration of Agency Subjects and management of Treasuries .	1·13	1·11	1·11	1·11
28. Audit . . . . .	99·12	97·97	94·15	95·32
29. Administration of Justice . . . . .	3·79	3·90	3·66	3·87
30. Police . . . . .	12·56	36·20	40·54	28·35
31. Ports and Pilotage . . . . .	23·59	23·26	24·16	24·67
32. Lighthouses and Lightships . . . . .	7·75	8·24	7·95	7·97
33. Survey of India . . . . .	23·24	21·26	20·48	18·52
34. Botanical Survey . . . . .	·66	·74	·63	·64
35. Zoological Survey . . . . .	1·72	1·71	1·70	1·72
36. Geological Survey . . . . .	4·89	4·76	5·38	4·99
37. Mines . . . . .	2·45	2·55	2·45	2·57
38. Archæology . . . . .	11·14	12·33	12·09	12·15
39. Meteorology . . . . .	21·53	23·14	23·34	24·61
40. Other Scientific Departments . . . . .	2·78	2·77	3·10	3·22
41. Education . . . . .	6·44	7·13	7·15	11·39
42. Medical Services . . . . .	9·31	10·64	8·74	13·56
43. Public Health . . . . .	28·31	13·87	13·50	13·26
44. Agriculture . . . . .	26·19	29·95	54·65	2,32·27
45. Imperial Council of Agricultural Research . . . . .	11·63	17·45	17·64	22·18
46. Agricultural Marketing . . . . .	4·97	5·16	4·64	4·78
48. Civil Veterinary Services . . . . .	8·36	8·88	8·55	9·70
49. Industries . . . . .	8·23	9·17	9·32	9·12
50. Scientific and Industrial Research . . . . .	3·18	9·29	11·45	14·35
51. Aviation . . . . .	78·69	1,02·62	1,00·40	1,23·97
52. Broadcasting . . . . .	30·24	50·04	49·28	58·93
Carried over .	22,24·08	22,78·34	20,22·52	24,85·04



Demand or Appropriation.	Actuals, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
Brought forward . . . . .	22,24·08	22,78·34	20,22·52	24,85·04
54. Emigration—Internal . . . . .	·11	·25	·25	·14
55. Emigration—External . . . . .	3·45	3·54	3·61	4·21
56. Commercial Intelligence and Statistics . . . . .	8·22	8·94	8·68	9·13
57. Census . . . . .	12·65	3·67	7·31	·13
58. Joint Stock Companies . . . . .	1·57	1·70	1·61	1·86
59. Miscellaneous Departments . . . . .	6·78	8·02	7·37	9·47
60. Currency . . . . .	49·80	26·23	47·68	61·37
61. Mint . . . . .	49·32	70·98	1,02·89	91·88
62. Civil Works . . . . .	1,18·16	1,41·25	1,54·90	1,70·12
63. Central Road Fund . . . . .	1,64·00	2,07·00	2,05·00	1,28·00
64. Superannuation Allowances and Pen- sions . . . . .	2,14·97	2,10·60	2,14·20	2,13·73
65. Stationery and Printing . . . . .	43·40	34·02	67·10	1,13·85
66. Miscellaneous . . . . .	20·69	30·29	1,19·89	23·30
67. Grants-in-aid to Provincial Govts. . . . .	3,03·53	3,03·00	3,03·00	2,76·00
68. Miscellaneous Adjustments between the Central and Provincial Governments. . . . .	1·24	1·47	1·35	1·28
69. Civil Defence . . . . .	..	..	..	3,90·02
70. Delhi . . . . .	53·24	54·46	56·34	58·44
71. Ajmer-Merwara . . . . .	54·36	23·66	24·17	33·85
72. Panth Piploda . . . . .	·12	·13	·13	·13
73. Andaman and Nicobar Islands . . . . .	41·21	44·55	45·20	46·37
74. Indian Stores Department . . . . .	20·28	16·89	4·69	..

*Non-voted.*

<i>Staff, Household and Allowances of the Governor General . . . . .</i>	<i>19·33</i>	<i>19·51</i>	<i>18·70</i>	<i>19·57</i>
<i>Secretariat of the Governor-General . . . . .</i>	<i>4·91</i>	<i>5·00</i>	<i>4·76</i>	<i>4·83</i>
<i>Federal Public Service Commission . . . . .</i>	<i>4·68</i>	<i>4·77</i>	<i>4·45</i>	<i>4·71</i>
<i>Defence Department . . . . .</i>	<i>6·49</i>	<i>6·97</i>	<i>7·31</i>	<i>8·31</i>
<i>National Defence Council . . . . .</i>	<i>..</i>	<i>..</i>	<i>·53</i>	<i>1·02</i>
<i>Ecclesiastical . . . . .</i>	<i>29·14</i>	<i>6·67</i>	<i>6·33</i>	<i>6·51</i>
<i>Payments to Crown Representative . . . . .</i>	<i>1,35·34</i>	<i>1,37·09</i>	<i>1,35·64</i>	<i>1,38·66</i>
<i>Tribal Areas . . . . .</i>	<i>2,15·06</i>	<i>2,36·46</i>	<i>2,53·09</i>	<i>2,48·05</i>
<i>External Affairs . . . . .</i>	<i>70·21</i>	<i>66·64</i>	<i>74·89</i>	<i>79·23</i>
<i>Baluchistan . . . . .</i>	<i>62·40</i>	<i>73·73</i>	<i>79·41</i>	<i>80·61</i>
<i>Defence Services (net) . . . . .</i>	<i>73,61·41</i>	<i>84,12·52</i>	<i>1,02,44·95</i>	<i>1,32,99·94</i>
<i>Department of Supply . . . . .</i>	<i>50·82</i>	<i>58·26</i>	<i>1,22·67</i>	<i>1,71·03</i>
<i>Miscellaneous expenditure connected with the War . . . . .</i>	<i>67·33</i>	<i>1,88·04</i>	<i>3,38·19</i>	<i>5,25·67</i>
<b>TOTAL . . . . .</b>	<b>1,14,18·30</b>	<b>1,26,84·66</b>	<b>1,46,88·81</b>	<b>1,87,06·46</b>



### Notes on certain Heads of Expenditure.

*Customs.*—This year an additional Rs. 3 lakhs are to be paid in overtime allowances in the Bombay and Calcutta Custom Houses for extra work on account of the war. Under the Customs Union Agreement recently concluded with the Government of the French Establishments in India a sum of Rs. 5 lakhs per annum is to be paid from next year in consideration of the customs receipts collected at the ports in French India which are credited under revenue. Also as a result of this agreement the Pondicherry and Karikal land customs stations have no longer to be maintained so that the amount previously provided under Customs for payment to the Salt Department for their administration will be saved from next year. An additional grant of Rs. 1 lakh is to be made next year to Seamen's and Customs Welfare Institutions.

*Central Excise Duties.*—The amount to be paid to Indian States as their share of the Match Excise Duty is estimated to increase by Rs. 7 lakhs this year and by a further Rs. 13 lakhs next year. Coal Cess receipts which are payable to the Indian Coal Mines Stowing Board have also gone up by Rs. 5½ lakhs this year and next year's provision has been increased by the same amount again.

*Salt.*—The saving on the cost of establishment on the land customs stations in consequence of the Customs Union Agreement with the French Establishments in India works out at about Rs. 1½ lakhs, but from next year the transfer previously made from the Customs head on this account will cease. An additional Rs. 2 lakhs is being provided this year to meet the cost of extracting larger quantities of salt at Sambhar and Khewra.

*Opium.*—Provision is being made for a larger production of opium next year to meet increased demands for medical purposes.

*Stamps.*—Additional expenditure is being incurred this year on building up a larger reserve stock.

*Interest.*—There is a saving of about Rs. 3 crores in interest on ordinary debt this year. Of this roughly one-third represents the effect of the cancellation and conversion of rupee counterparts created in lieu of sterling loans, one-third the adjustment in 1940-41 of interest normally payable in 1941-42 on sterling loans affected by the Vesting Orders of February 1941, and the balance is due to counterpart securities not earning any interest while with the Government before sale or cancellation. Payments made to the P. & T. Department for Savings Bank and Cash Certificate work are less by Rs. 13 lakhs due to the fall in the number of transactions, the amount of interest to be paid on Savings Bank Deposits and Cash Certificates is down by Rs. 8 lakhs and recoveries from Commercial Departments have increased by Rs. 8 lakhs. Against this a larger amount of interest is payable on the increased balances in the Railway Reserve and Depreciation Funds.



The payments on account of the Rupee and Sterling Debt, the details of which will be found in the Demands for Grants, and the transfers on account of the interest charged on the capital outlay of the Commercial Departments are broadly summarised below:—

## STATEMENT VIII.

	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
<b>GROSS PAYMENTS.</b>				
<i>A.—Interest on Ordinary Debt—</i>				
(i) Rupee Debt—				
(a) Management of debt . . . .	9.10	9.70	11.00	12.25
(b) Expenditure connected with the issue of new loans . . . .	4.09	7.00	12.00	12.75
(c) Discount and premium written off to revenue . . . .	66.10	51.41	51.43	52.09
(d) Interest on temporary loans . .	63.19	60.50	67.00	1,22.00
(e) Interest on all other loans . .	17,99.47	22,75.00	19,10.00	22,85.00
(f) Other items . . . .	.18	.15	.19	.19
(ii) Sterling Debt—				
(a) Interest on loans contracted in England . . . .	12,66.87	7,44.72	7,85.74	4,58.63
(b) Interest on railway annuities . .	1,61.94	1,51.76	1,51.76	1,41.20
(c) Interest on outstanding liabilities of railway companies taken over on purchase . . . .	1,13.43	1,13.43	1,13.43	1,18.10
(d) Management of debt . . . .	11.03	10.70	7.82	6.97
(e) Other items . . . .	51.76	54.57	51.92	49.80
Exchange . . . .	2.65	..	3.88	..
<b>Total</b> . . . .	<b>35,49.81</b>	<b>34,78.94</b>	<b>31,66.17</b>	<b>32,58.98</b>
<i>B.—Interest on Unfunded Debt and other Obligations—</i>				
Bonus on Post Office Certificates . . . .	1,53.88	1,25.00	1,23.00	1,15.00
Post Office Savings Bank Deposits . .	92.89	89.50	83.40	76.72
State Provident Funds . . . .	2,91.03	3,01.92	3,02.20	3,14.13
Service Funds . . . .	20.67	20.25	20.17	19.69
Railway Depreciation Fund . . . .	1,47.63	1,63.73	1,87.93	2,36.46
Railway Reserve Fund . . . .	11.93	19.14	27.71	28.19
Posts and Telegraphs Renewals Reserve Fund . . . .	8.66	8.33	8.37	7.59
Other items . . . .	1,01.09	1,03.77	90.14	96.63
<b>Total</b> . . . .	<b>8,27.78</b>	<b>8,31.64</b>	<b>8,42.92</b>	<b>8,94.41</b>
<b>GROSS PAYMENTS</b> . . . .	<b>43,77.59</b>	<b>43,10.58</b>	<b>40,09.09</b>	<b>41,53.39</b>
<i>C.—Transfers—</i>				
<i>Deduct—Amounts transferred to—</i>				
Railways . . . .	27,69.84	27,62.93	27,63.27	27,57.41
Irrigation . . . .	7.04	6.98	7.01	6.79
Posts and Telegraphs . . . .	69.00	90.06	1,00.74	89.11
Commutation of Pensions . . . .	22.83	21.37	21.20	19.43
Other heads . . . .	6.74	7.17	7.50	7.88
Provincial Governments . . . .	5,23.71	5,16.32	5,12.80	5,01.03
<b>Total deductions</b> . . . .	<b>33,99.16</b>	<b>34,04.83</b>	<b>34,12.52</b>	<b>33,81.65</b>
<b>NET INTEREST PAYMENTS</b> . . . .	<b>9,78.43</b>	<b>9,05.75</b>	<b>5,96.57</b>	<b>7,71.74</b>

The rates assumed for the calculation of interest chargeable on the capital outlay of the commercial departments and for the payment of interest on depreciation and reserve fund balances are 4.37 per cent. for 1941-42 and 4.15 per cent. for 1942-43



Next year the full saving from the cancellation and conversion of rupee counterparts will be about Rs. 2 crores but the bulk of the other savings on the repatriation operations being special to the current year will not recur. The repayment of the 2½ per cent. and 3 per cent. non-terminable sterling loans will result in a saving next year of Rs. 3 crores in the interest charges paid in England but this will be set off by the increase in the interest payments in India on the Defence Loans and also on Treasury Bills for financing the repayment of these loans as also of the 3½ per cent. sterling stock next year. In the result Interest on Ordinary Debt will increase by about Rs. 93 lakhs next year. The Railway Reserve and Depreciation Funds will also earn a further Rs. 49 lakhs next year on their increased balances and recoveries from Commercial Departments and Provinces will decrease by Rs. 31 lakhs. Allowing for minor variations under other items, the net increase in interest charges next year over the Revised estimates for the current year amounts to over Rs. 175 lakhs.

The amount of Post Office Cash Certificates outstanding and the payment to be made on account of bonus on maturing certificates as compared with previous years are given below :—

## STATEMENT IX.

Year.	Total amount outstanding at close of year.	Total payments on account of bonus.	Amount provided from current revenues.	Amount transferred to (+) or from (—) Cash Cer- tificates Bonus Fund.
1929-30 . . .	35,00	73	73	..
1930-31 . . .	38,43	1,59	2,00	+41
1931-32 . . .	44,58	1,84	2,06	+22
1932-33 . . .	55,64	94	2,20	+1,26
1933-34 . . .	63,71	1,93	2,60	+67
1934-35 . . .	65,96	2,57	3,30	+73
1935-36 . . .	65,98	4,88	4,05	—83
1936-37 . . .	64,40	5,55	4,25	—1,30
1937-38 . . .	60,21	5,46	4,31	—1,15
1938-39 . . .	59,57	3,35	3,35	..
1939-40 . . .	57,03	1,74	1,73	—1
1940-41 . . .	49,28	1,54	1,54	..
1941-42 (budget) . .	44,53	1,25	1,25	..
1941-42 (revised) . .	44,58	1,23	1,23	..
1942-43 (budget) . .	42,06	1,15	1,15	..

NOTE 1.—From 1930-31 to 1936-37 the provision made in the budget was based not on the amount actually payable on account of bonus on maturing certificates but on the interest accruing during the year on all the certificates outstanding. Until 1934-35 the amount accruing was greater than the amount payable, and the difference was transferred to the Cash Certificates Bonus Fund. In the three following years, however, the position was reversed owing to heavy maturities of Certificates issued at high rates of interest. There is at present no balance in the Cash Certificate Bonus Fund. The payments in the current and ensuing years are expected to be approximately the same as the accruing bonus.

NOTE 2.—Figures from 1940-41 are inclusive of P. O. Defence Savings Certificates.



An analysis of the Interest payments as compared with those of the previous years is given in Statement XV.

*Home Department.*—The provision for the Bureau of Public Information, which was Rs. 6 lakhs in the current year, is being transferred to the new Demand "Department of Information and Broadcasting" from next year.

*Civil Defence, Information and Broadcasting and Indians Overseas Department.*—Separate provision is being made for these new Departments created this year. Next year's provision for the Department of Information and Broadcasting includes Rs. 8 lakhs for the Bureau of Public Information transferred from the Home Department and allows Rs. 3 lakhs for its expansion.

*Legislative Department.*—A provision of Rs. 1½ lakhs has been included both in the Revised and in Budget for the preparation of the electoral rolls of the constituencies of the Central Legislature.

*E., H. & L. Department.*—The decrease in expenditure is due to the transfer of part of the staff to the Department of Indians Overseas.

*Finance Department.*—Expansion of the Military and Supply Finance Branches for the control of war expenditure is mainly responsible for the increased provision.

*Commerce Department.*—The appointment of the Chief Controller of Imports and other additional officers and staff to administer special wartime functions accounts for the increase in both years.

*Police.*—A lump provision of Rs. 15 lakhs was made in the original Budget for civic guards. The actual expenditure is now estimated at Rs. 7½ lakhs for this year. Next year's provision amounting to Rs. 9 lakhs is being included in the new Demand "Civil Defence".

Payments to Provinces for wartime police are now estimated at Rs. 31 lakhs this year, against the original provision of Rs. 20 lakhs, and at Rs. 27 lakhs next year.

*Survey of India.*—On account of the transfer of the Mathematical Instrument Office to the Defence Services early in the current year there is a reduction of Rs. 6 lakhs under this head which is partially counterbalanced by increased expenditure incurred on surveys.

*Education.*—An additional Rs. 3 lakhs has been included next year for the expansion of the Delhi Polytechnic and the entire expenditure on the Polytechnic has been transferred to this Demand from the Delhi Area Demand. A further sum of Rs. 1.07 lakhs has been provided for the construction of a building for the Polytechnic under "Civil Works". Provision is also being made for a grant of Rs. 60,000 to the Lady Irwin College, Delhi.

*Medical Services.*—Next year's provision includes Rs. 1½ lakhs for additional wartime staff in the office of the D. G., I. M. S. and a grant of Rs. 3 lakhs to the Lady Hardinge Medical College provision for which was previously made in the Delhi Area Demand.

*Agriculture.*—Payments to the Fund for the Benefit of Cotton-growers of the receipts from the additional import duty on raw cotton which are estimated at Rs. 25 lakhs in the current year and Rs. 2 crores next year are responsible for the large increase in the expenditure under this head. Rs. 2 lakhs are being provided for the continuance of the Locust Warning Organisation and the control of locust breeding in desert areas.

*I. C. A. R.*—An additional Rs. 3½ lakhs have to be provided next year on account of the larger receipts from the cess on agricultural produce which are payable to the I. C. A. R.



*Industries.*—Grants-in-aid for the development of the handloom weaving industry Rs. 5 lakhs, the sericultural industry Rs. 1 lakh, and cottage and small scale woollen industries Rs. 1 lakh are being continued next year.

*Scientific and Industrial Research.*—The Revised estimate for the current year includes an additional Rs. 2 lakhs for the expenditure of the Board of Scientific and Industrial Research and a further Rs. 1·7 lakhs is being provided next year on account of the establishment of the new Council of Scientific and Industrial Research which is being given a lump grant of Rs. 10 lakhs for the next five years. Provision is also being made for a further grant of Rs. 1 lakh for research schemes to be financed from the Fund for the Relief of Groundnut Cultivators.

*Aviation.*—The saving of Rs. 2 lakhs this year is on account of the progress of the Air Force Training Scheme having proved slower than originally anticipated. Next year's Budget includes an extra transfer of Rs. 26 lakhs to the Fund for the Development of Civil Aviation for expediting the civil aviation programme in addition to the sum of Rs. 35 lakhs normally provided each year.

*Broadcasting.*—Next year's estimate includes an additional transfer of Rs. 5 lakhs to the Broadcasting Fund besides Rs. 17 lakhs required to complete the existing programme of Karachi, Peshawar and Delhi Broadcasting Houses and the 100 K. W. transmitter.

*Commercial Intelligence and Statistics.*—Next year's provision includes an additional Rs. 57,000 for the appointment of an Indian Trade Commissioner in South Africa.

*Census.*—The excess of Rs. 3½ lakhs in the Revised estimates is due to the decision to proceed with limited tabulation. A portion of the expenditure (Rs. 97,000) is recoverable from the Provinces but the recoveries are taken on the receipt side.

*Currency.*—Provision is being made for the purchase of additional paper for currency notes in order to build up an adequate reserve in case of emergency.

*Mint.*—Rs. 26 lakhs are being provided for the equipment of the New Mint and Rs. 6 lakhs for increased coinage both on Government's account and on behalf of other Governments during the current year. The New Mint is expected to start operations from next year and a sum of Rs. 20 lakhs has been provided in the Budget estimates for its working expenses.

*Civil Works.*—The construction and hiring of additional office and residential accommodation in New Delhi and Simla account for the increase in both the Revised and Budget estimates. Next year Rs. 54 lakhs are being provided for major works, new and in progress, including Rs. 21 lakhs for the New Mint, Rs. 7 lakhs for the construction of additional flats at the Grand Hotel in Simla which has been purchased by Government in the current year and Rs. 5½ lakhs on the construction of hutments and on A. R. P. measures for Government buildings in New Delhi.

*Central Road Fund.*—The provision for transfer to the Central Road Fund next year will be less by the amount of the special grant of Rs. 60 lakhs made this year for the Quetta-Multan Road. Also the Road Fund's share in the Petrol Tax receipts is expected to decrease from Rs. 145 lakhs this year to Rs. 128 lakhs next year.

*Stationery and Printing.*—The additional requirements of new offices created as a result of the war, the increase in prices and the building up of reserves of stationery stores account for the increase in both years' estimates. Against this increased expenditure there will be additional recoveries amounting



to Rs. 16 lakhs this year and Rs. 38 lakhs next year for supplies made mainly to the Central Provision Office which will be included in the revenue receipts.

*Miscellaneous.*—There is additional expenditure of Rs. 89 lakhs on A. R. P. measures in the current year, the bulk of which represents grants to the Provinces. Next year's provision for these measures amounting to Rs. 381 lakhs has been made under the new demand 'Civil Defence'. Provision is made in the Budget for an additional contribution of Rs. 2 lakhs for the improvement of Simla, Rs. 4 lakhs for the erection of the Indian Seamen's Home and Rs. 1 lakh by way of financial assistance to meet the war risk element in the Haj pilgrim fares. The Reconstruction Committee for formulating plans in regard to the position of industries after the war will cost Rs. 1 lakh next year.

*Grants to Provincial Governments.*—From next year the grant of Rs. 25 lakhs to the U. P. is being discontinued and the grant to Orissa is being reduced by Rs. 3 lakhs in accordance with the Niemeyer Award. A special non-recurring grant of Rs. 1 lakh for this year and next year is being made to Coorg. The details of the grants-in-aid being made to Provincial Governments are as follows:—

## STATEMENT X.

	1940-41, Actuals.	1941-42, Budget.	1941-42, Revised.	1942-43, Budget.
United Provinces . . . . .	25·00	25·00	25·00	..
Assam . . . . .	30·00	30·00	30·00	30·00
North-West Frontier Province	1,00·00	1,00·00	1,00·00	1,00·00
Orissa . . . . .	43·00	43·00	43·00	40·00
Sind . . . . .	1,05·00	1,05·00	1,05·00	1,05·00
Coorg . . . . .	·53	..	..	1·00
	<hr/> 3,03·53	<hr/> 3,03·00	<hr/> 3,03·00	<hr/> 2,76·00

*Civil Defence.*—From next year the expenditure on A. R. P. and on civic guards is being transferred to this Demand from 'Miscellaneous' and 'Police' respectively. Grants to Provinces for A. R. P. under the revised scheme of allocation explained in paragraph 26 of the Budget Speech are estimated at Rs. 379 lakhs next year and the grants to be made towards the cost of civic guards are estimated at Rs. 9 lakhs. A War Injuries Scheme has recently been instituted to provide compensation for injuries sustained by gainfully occupied persons and also by civil defence volunteers. As, however, it is not possible to foresee the extent to which payments will have to be made during the coming year, a small token provision of Rs. 31,000 is being included in the Budget estimates.

*Delhi.*—Expenditure on A. R. P. and payments to civic guards are expected to increase by Rs. 1 lakh in the current year and by Rs. 6 lakhs next year. There is, however, a reduction in next year's estimate on account of the transfer of the provision for the Delhi Polytechnic of about Rs. 1 lakh and the grant of Rs. 3 lakhs to the Lady Hardinge Medical College to the Demands 'Education' and 'Medical Services' respectively. Provision is made in the Budget estimates for an additional grant of Rs. 25,000 to the Delhi University.



*Ajmer-Merwara.*—Due to the failure of the rains this year it is feared that relief measures will be necessary in Ajmer-Merwara during the period April to July 1942 and a provision of Rs. 7 lakhs for famine relief works is accordingly being included in the Budget estimates. The expenditure on civic guards and A. R. P. measures next year is estimated at Rs. 2½ lakhs.

*Indian Stores Department.*—As the Indian Stores Department has been amalgamated with the Supply Department the provision is being transferred to that head.

*National Defence Council.*—The Council was constituted in the middle of the current year and its total expenditure is anticipated to be Rs. 53,000 this year and Rs. 1,02,000 next year.

*Tribal Areas.*—The increase both this year and next is due mainly to the embodiment of additional platoons of constabulary, militia, scouts and levies, and to the construction of new roads on account of the war.

*External Affairs.*—The large increases in cypher telegrams owing to the war, the appointment of an Agent-General for India in the U. S. A. and of India's Representative on the Middle East War Council are mainly responsible for the increased expenditure both years.

*Baluchistan.*—The additional expenditure of Rs. 6 lakhs in the current year is mainly on account of additional war time police Rs. 1 lakh, anti-locust measures Rs. 73,000, the reconstruction of buildings about Rs. 1 lakh, and A. R. P. measures Rs. 2 lakhs. Next year the expenditure on A. R. P. is expected to increase by a further Rs. 1 lakh.

*Defence Services.*—An analysis of Defence Service receipts and expenditure is given in Statement XVIII.

*Department of Supply.*—As explained in the Budget Speech, the Department and its subordinate organisations are expanding considerably to cope with the ever increasing demands for war supplies. This expansion coupled with the absorption of the Indian Stores Department will involve an increase of Rs. 64 lakhs this year and of a further Rs. 48 lakhs next year.

*Miscellaneous Expenditure connected with the War.*—Due to the more extensive insurance of stocks and the raising of the rates, war risk insurance premia, which are first taken to revenue and then transferred to the Fund by an expenditure provision under this head, are estimated to increase by Rs. 141 lakhs to Rs. 204 lakhs this year and by a further Rs. 120 lakhs to Rs. 324 lakhs next year. Special publicity arrangements, both inside and outside India, which have to keep pace with war developments are to cost an extra Rs. 6 lakhs this year and a further Rs. 18 lakhs next year.

The Scheme for the training of 15,000 skilled artisans has been expanded owing to the growing needs of the Army and now provides for the training of 48,000 technicians by the end of 1942-43. There has also been a further expansion of the Scheme costing about Rs. 20 lakhs to meet the demands of civil industry. The Scheme as now revised is expected to cost Rs. 220 lakhs of which about Rs. 82 lakhs (against Rs. 92 lakhs in the original Budget) will be spent in the current year and Rs. 132 lakhs next year. Other important items for which provision is included under this head are the Motor Spirit Rationing Scheme, the appointments of the Wheat Commissioner, the Steel Control Adviser and the Controller of Coal Distribution which between them are estimated to cost about Rs. 5 lakhs this year and Rs. 9 lakhs next year.



The distribution of Expenditure between voted and non-voted is given below. The figures include the working expenses of the Railways, Posts and Telegraphs and Irrigation Departments.

## STATEMENT XI.

	Budget, 1941-42.				Budget, 1942-43.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue	1,03,91	1,41,35	2,45,26	42·4	1,17,60	1,97,12	3,14,72	37·4
Expenditure not charged to revenue	9,39	6	9,45	99·4	23,97	68	24,60	97·4
	<u>1,13,30</u>	<u>1,41,41</u>	<u>2,54,71</u>	<u>44·5</u>	<u>1,41,57</u>	<u>1,97,75</u>	<u>3,39,32</u>	<u>41·7</u>



## STATEMENT XII.

*Ways and Means Estimates.*

	Budget, 1941-42.			Revised, 1941-42.			Budget, 1942-43.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Excess of Revenue over Expenditure . . .	6,01	-19,36	-13,85	3,21	-20,48	-17,27	-19,01	-16,06	-35,07
New Loan. . . . .	34,50	...	34,50	73,00	...	73,00	1,00,00	...	1,00,00
Treasury Bills issued (net) . . .	-11,50	...	-11,50	16,00	...	16,00	22,50	...	29,50
Ways and Means Advances . . .	-20,00	...	-20,00	-16,00	...	-16,00	...	...	...
Post Office Cash Certificates (net) . . .	-6,00	...	-6,00	-7,00	...	-7,00	-5,00	...	-5,00
Defence Savings Certificates . . .	3,60	...	3,60	2,30	...	2,30	2,50	...	2,50
Post Office Savings Banks Deposits (net) . . .	2,00	...	2,00	-7,17	...	-7,17	-2,24	...	-2,24
Defence Savings Banks Deposits . . .	...	...	...	11	...	11	13	...	18
Other Unfunded Debt (net) . . .	3,92	-9	3,83	3,34	-6	3,28	3,70	-6	3,64
Discount Sinking Fund . . .	52	51	1,03	36	40	85	52	47	99
Reduction or Avoidance of Debt . . . . .	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund . . .	6,88	...	6,88	14,64	...	14,64	13,60	...	13,50
Railway Reserve Fund . . .	1,65	...	1,65	90	...	90	...	...	...
Posts and Telegraphs Renewals Reserve Fund . . .	-2	...	-2	-6	...	-6	-11	...	-11
Repayments of loans by Provinces . . .	2,14	...	2,14	2,34	...	2,34	2,39	...	2,39
Payments by Reserve Bank for Surplus Silver . . .	5,00	...	5,00	...	...	...	5,00	...	5,00
Other Deposits and Advances (net) . . .	-60,03	71,68	11,60	-1,54,20	2,00,02	45,82	-3,46,13	3,77,50	31,34
<b>TOTAL</b> . . .	-29,48	52,24	22,76	-65,23	1,79,97	1,14,74	-2,12,35	3,61,35	1,49,60
Opening Balance . . .	7,89	67	8,56	13,77	91	14,68	7,77	63	8,40
<b>GRAND TOTAL</b> . . .	-21,59	52,91	31,32	-51,46	1,80,88	1,29,42	-2,04,58	3,62,48	1,58,00
<b>Capital Outlay—</b>									
Railways . . . . .	2,18	6,57	8,75	-1,74	5,62	3,88	4,35	19,78	24,13
Posts and Telegraphs . . .	47	...	47	32	4	36	6	7	13
Civil . . . . .	11	...	11	34	...	34	26	...	26
Commutation of Pensions . . .	-25	9	-16	-36	6	-30	-34	6	-28
Discharge of Permanent Debt . . . . .	2,57	11,24	13,81	14,23	1,04,27	1,18,50	40	1,23,31	1,23,71
Civil Aviation . . . . .	-5	...	-5	6	...	6	13	...	13
Economic development and improvement of rural areas . . . . .	21	...	21	23	...	23	20	...	20
Broadcasting . . . . .	5	...	5	4	...	4	2	...	2
Development in tribal areas in the N.-W. F. P. . . .	-28	...	-28	-11	...	-11	-5	...	-5
Telephone Development Fund . . . . .	20	...	20	20	...	20	01	...	61
Loans to public (net) . . . . .	-56	...	-56	-95	...	-95	-48	...	-48
Transfers through Reserve Bank (net) . . .	-34,34	34,34	...	-72,26	70,26	-2,00	-2,18,63	2,18,63	...
Advances to Provincial Governments . . . . .	42	...	42	77	...	77	1,02	...	1,02
<b>TOTAL</b> . . .	-29,27	52,24	22,97	-59,23	1,80,25	1,21,02	-2,12,45	3,61,35	1,49,60
Closing Balance . . .	7,68	67	8,35	7,77	63	8,40	7,97	63	8,60
<b>GRAND TOTAL</b> . . .	-21,59	52,91	31,32	-51,46	1,80,88	1,29,42	-2,04,58	3,62,48	1,58,00



STATEMENT XIII.  
*Distribution of Revenue and Expenditure.*

Year.	Tax Revenue. (a)	Cost of Collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optium (receipts less expenditure).	Currency and Mint (receipts less expenditure).	Interest Receipts.	Extraordinary Receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to Revenue.	Total Net Expenditure.	Surplus +, Deficit -.
1928-30	74.99	3.35	71.74	2.5	2.55	2.00	4.40	1.89	3.38	91.20	10.85	5.74	..	55.10	19.11	13	90.93	+ 87
1930-31	69.76	3.22	66.54	4.03	1.79	2.7	3.39	99	3.13	80.14	11.28	6.14	16	54.80	19.69	15	91.73	-11.58
1931-32	72.58	3.06	69.52	1.00	1.28	1.02	2.41	21	3.85	77.29	12.83	6.89	3	51.76	18.03	40	89.04	-11.75
1932-33	79.91	3.17	76.74	4.5	6	1.65	1.88	3	2.94	82.64	11.61	6.84	16	46.74	16.89	5	81.39	+1.55
1933-34	72.97	3.31	69.66	—56	58	74	1.83	83	2.73	75.43	9.29	3.00	(b)2.19	44.43	15.85	8	74.60	+ 63
1934-35	78.06	3.31	74.57	33	37	75	2.01	..	2.72	80.75	10.25	3.00	(c)2.85	44.34	19.92	3	80.39	+ 36
1935-36	77.85	3.64	73.71	—4	27	75	87	..	2.73	78.29	10.50	3.00	(d)2.72	44.98	17.05	1	78.29	..
1936-37	74.96	3.77	71.19	—1	19	81	40	1	3.12	75.71	9.56	3.00	19	45.45	19.26	4	77.50	-1.79
1937-38	73.14	3.29	69.85	3.25	25	38	59	3.93	2.93	81.19	12.48	2.52	3	47.35	18.77	4	81.19	..
1938-39	72.34	3.75	65.59	1.47	25	22	74	4.06	3.16	75.49	11.12	3.00	1	46.18	18.78	4	79.13	-64
1939-40	79.08	3.40	75.66	5.14	23	88	76	3.16	3.00	88.63	9.00	3.00	(e) 7.95	49.54	19.34	..	88.83	..
1940-41	75.50	3.34	72.16	13.34	24	96	79	10.50	3.33	1,01.37	9.73	3.00	1.22	73.61	20.23	1	1,07.90	-6.53
1941-42 (budget)	89.94	3.81	86.13	11.50	26	1.24	61	3.06	2.98	1,05.78	9.06	3.00	2.49	84.13	20.95	..	1,19.63	-13.85
1941-42 (revised)	92.40	4.03	88.32	22.23	45	1.92	62	4.71	3.40	1,21.65	5.97	3.00	4.64	1,02.45	22.85	1	1,38.92	-17.27
1942-43 (budget)	1,12.32	4,26	1,08.06	24.23	33	1.72	60	6.05	3.30	1,44.34	7.72	3.00	11.03	1,33.00	24.64	2	1,79.41	-35.07

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund from 1928-29.

(b) Includes 2,894 transferred to the Bihar Earthquake Fund.

(c) Includes 2,894 transferred to the Bihar Earthquake Fund.

(d) Comprises 1,884 transferred to the Bihar Reserve Fund, 45 for buildings in Orissa and Sind, and 43 for expenditure in connection with the Quetta earthquake.

(e) Includes 7.77 transferred to the Revenue Reserve Fund.



## STATEMENT XIV.

*Analysis of Tax Revenue, included in Statement XIII.*

Year.	Revenue from Customs.	Revenue from Central Excise Duties.	Cost of Collection (a).	Revenue from Taxes on Income including Cor- poration Tax.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Other Tax Revenue.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Central Road Fund.	Tax Revenue retained by Central Government.	Total Cost of Collection.	Total net Tax Revenue.
1929-30	.	51,28	97	16,71	72	6,76	1,27	1,22	29	75,97	98	74,99	3,25	71,74
1930-31	.	46,81	93	16,00	75	6,83	1,26	1,10	28	70,74	98	69,76	3,22	66,54
1931-32	.	46,44	90	17,49	74	8,58	1,16	1,09	26	73,60	1,02	72,58	3,06	69,52
1932-33	.	51,95	93	17,97	78	10,07	1,12	94	34	80,93	1,02	79,91	3,17	76,74
1933-34	.	47,16	99	17,13	82	8,86	1,15	90	35	74,05	1,08	72,97	3,31	69,66
1934-35	.	52,67	1,11	17,55	85	8,00	1,15	1,05	40	79,27	1,19	78,08	3,51	74,57
1935-36	.	52,25	1,17	17,07	91	8,43	1,19	89	37	78,64	1,29	77,35	3,64	73,71
1936-37	.	51,45	1,42	15,34	89	8,81	1,08	82	38	76,42	1,46	74,96	3,77	71,19
1937-38	.	43,11	1,18	14,58	75	8,39	1,06	81	30	74,55	1,41	73,14	3,29	69,85
1938-39	.	40,61	1,66	15,78	76	8,12	1,04	83	30	73,90	1,56	72,34	3,75	68,59
1939-40	.	45,88	1,26	16,58	77	10,86	1,02	83	35	80,67	1,61	79,06	3,40	75,66
1940-41	.	37,30	1,73	21,77	79	7,67	1,01	91	41	77,14	1,64	75,50	3,34	72,16
1941-42 (budget)	.	35,11	1,58	35,62	84	8,30	95	88	44	92,01	2,07	89,94	3,81	86,13
1941-42 (revised)	.	36,00	1,73	33,04	85	9,10	98	1,01	52	94,45	2,05	92,40	4,08	88,32
1942-43 (budget)	.	35,35	1,86	55,62	86	9,00	1,06	98	48	1,13,60	1,28	1,12,32	4,26	1,08,06

(a) Figures from 1938-39 include the amount payable to the Indian States in respect of match excise revenue.



# STATEMENT XV.

## Analysis of Interest Payments, included in Statement XIII.

Year.	Interest on unfunded debt and other obligations.										Amounts transferred to							Total Interest payments (net).
	Interest on Ordinary Debt.	Bonus on Post Office Certificates.	Post Office Savings Bank.	State Provident Funds.	Service Funds.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Renewals Reserve Fund.	Other items.	Total interest on unfunded debt and other obligations.	Railways.	Irrigation.	Posts and Telegraphs.	Provinces.	Other heads.	Total transfers.		
1929-30	40,34	73	1,03	2,54	12	74	53	7	1,07	6,83	29,09	12	73	6,20	18	36,32	10,85	
1930-31	41,67	2,00	1,05	2,93	13	58	74	11	1,14	8,68	31,34	13	84	6,55	21	39,07	11,28	
1931-32	44,57	2,06	1,08	3,10	12	14	79	13	1,01	8,43	31,76.	13	79	7,25	24	40,17	12,83	
1932-33	43,56	2,20	1,15	3,38	13	..	73	14	1,00	8,73	31,57	2	83	8,01	25	40,68	11,61	
1933-34	40,17	2,60	1,29	2,77	13	..	57	15	1,12	9,63	31,29	3	86	8,07	26	40,51	9,29	
1934-35	39,25	3,30	1,35	2,90	13	..	48	16	1,12	10,44	30,57	3	85	7,91	8	39,44	10,25	
1935-36	38,27	4,05	1,51	3,99	13	..	48	15	1,15	11,46	30,18	3	81	7,92	29	39,23	10,50	
1936-37	35,90	4,25	1,46	4,04	72	..	62	15	1,19	12,43	29,62	8	79	7,97	31	38,77	9,56	
1937-38	35,46	4,31	1,46	2,62	68	..	81	14	1,12	11,14	28,08	8	72	4,93	31	34,12	12,48	
1938-39	35,57	3,35	1,42	2,71	43	..	1,03	9	1,14	10,17	28,15	7	74	5,35	31	34,62	11,12	
1939-40	35,11	1,73	1,16	2,81	22	..	1,27	9	1,16	8,44	28,13	7	74	5,31	30	34,55	9,00	
1940-41	35,50	1,54	93	2,91	20	12	1,48	8	1,01	8,27	27,70	7	69	5,24	29	33,99	9,78	
1941-42 (budget)	34,79	1,25	90	3,02	20	19	1,64	8	1,04	8,32	27,63	7	90	5,16	29	34,05	9,06	
1941-42 (revised)	31,66	1,23	84	3,02	20	28	1,88	8	90	8,43	27,63	7	1,01	5,13	28	34,12	5,97	
1942-43 (budget)	32,59	1,15	77	3,14	20	28	2,36	8	97	8,95	27,57	7	89	5,01	28	33,82	7,72	



## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

STATEMENT XVI.  
*Analysis of 'Other expenditure' included in Statement XIII.*

Year.	Forest Expenditure.	Civil Administration.	Famine.	Pensions, Allowances, etc., Superannuation	Stationery and Printing.	Miscellaneous.	Total.	Commutation of Pensions.	Civil Works.	Salt and other capital outlay charged to revenue.	Grants-in-aid, Subventions to Provinces, etc.	Total.
1928-30	35	12,66	99	..	2,98	55	88	4,41	1,60	5	..	19,11
1930-31	36	13,34	..	..	2,88	55	81	4,24	1,65	4	..	19,69
1931-32	32	12,17	..	..	2,99	58	74	4,31	1,19	1	..	18,03
1932-33	23	9,69	..	..	3,05	35	72	4,12	11	75	96	15,89
1933-34	19	9,54	..	..	3,24	35	64	4,23	2	90	1,00	15,85
1934-35	19	11,10	..	..	3,41	36	60	4,37	3	(a) 1,23	2	19,92
1935-36	20	10,59	..	..	3,07	35	79	4,21	2	90	1	17,08
1936-37	19	11,27	..	..	2,89	40	61	3,90	5	1,06	1	19,26
1937-38	20	10,44	..	..	2,83	43	58	3,84	7	1,09	3,16	18,77
1938-39	23	10,90	..	..	2,82	53	27	3,62	1	96	..	18,78
1939-40	22	11,12	34	..	2,80	54	19	3,87	1	1,08	..	19,34
1940-41	24	12,44	34	..	2,06	44	26	3,10	9	1,35	1	20,28
1941-42 (budget)	28	13,11	..	..	2,09	34	37	2,80	2	1,69	..	20,95
1941-42 (revised)	28	13,59	..	..	2,11	67	1,30	4,08	3	1,83	..	22,85
1942-43 (budget)	29	15,97	7	..	2,10	1,14	29	3,60	3	1,98	..	24,64

(a) Includes a special grant of 40 for road development.



**STATEMENT XXVII.**  
*Analysis of Expenditure on 'Civil Administration' included in Statement XVI.*

Year.	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlement.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Payments to Crown Representatives.	Tribal Areas.	External Affairs.	Scientific Departments.	Medical.	Public Health.	Agriculture.	Veterinary.	Co-operation.	Industries.	Broadcasting.	Aviation.	Indian Stores Department.	Miscellaneous Departments.	Total.	
1929-30	2,25	1,02	15	42	76	25	14	32	1,62	..	2,69	..	94	52	32	21	46	..	..	3	..	20	21	15	12,66
1930-31	2,13	1,03	15	48	93	26	12	32	1,96	..	2,78	..	93	62	32	19	48	..	..	3	..	23	9	29	13,34
1931-32	1,98	1,01	16	39	88	26	11	30	1,64	..	2,39	..	86	62	30	17	35	..	..	2	..	20	9	44	12,17
1932-33	1,53	94	9	25	55	22	10	29	1,45	..	2,18	..	67	35	22	13	30	..	..	2	..	10	10	20	9,89
1933-34	1,54	98	8	24	54	23	10	29	1,36	..	2,16	..	66	30	23	13	29	..	..	2	..	13	9	17	9,54
1934-35	1,61	1,01	7	22	52	23	10	29	1,65(a)	..	2,11	..	70	29	24	16	33	..	..	4	..	1,07(b)	8	(c)38	11,10
1935-36	1,70	1,08	6	23	36	24	10	29	..	1,08	2,47	63	69	24	20	16	36	7	1	7	5	17	21	12	10,59
1936-37	1,81	1,09	7	24	33	27	10	30	..	1,17	2,66	62	74	24	22	20	38	7	1	8	9	22	22	14	11,27
1937-38	1,67	99	8	24	31	26	9	27	..	1,05	2,15	57	68	24	24	21	47	9	1	8	14	22	23	15	10,44
1938-39	1,87	99	10	24	29	27	9	30	..	1,26	1,99	64	67	24	22	14	52	8	1	8	21	30	23	16	10,90
1939-40	1,94	97	10	29	34	23	9	30	..	1,41	1,89	70	65	24	22	13	43	8	1	9	25	35	22	19	11,12
1940-41	2,03	99	10	32	42	24	8	29	..	1,35	2,15	70	69	27	22	31	44	9	1	12	30	79	20	33	12,44
1941-42 (budget)	2,08	98	9	33	67	23	8	7	..	1,37	2,36	67	69	28	24	17	54	10	1	19	50	1,03	17	26	13,11
1941-42 (revised)	2,18	94	9	34	72	24	8	6	..	1,36	2,53	75	69	28	22	17	79	10	1	21	49	1,00	5	29	13,59
1942-43 (budget)	2,45	95	9	35	61	25	8	7	..	1,39	2,48	79	68	32	24	17,2,61	11	1	24	59	1,24	..	..	25	15,97

(a) Includes 25 for development of tribal areas on the North-West Frontier.

(b) Includes 93 for development of Civil Aviation.

(c) Includes 20 for development of Broadcasting.



## STATEMENT XVIII.

*Analysis of Defence Service Receipts and Expenditure.*

	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
	Rs	Rs.	Rs.	Rs.
<b>EXPENDITURE.</b>				
<i>58.—Defence Services—Effective.</i>				
1. Normal cost of Defence Services—Effective .	(a) 36,76,63,000	(a) 36,76,63,000	(a) 36,76,63,000	(a) 36,76,63,000
2. Lump provision for increase in prices . . . .	2,56,58,000	3,54,88,000	4,23,83,000	6,52,00,000
3. War Emergency 1939 .	26,63,48,057	35,39,64,000	53,88,17,000	82,79,94,000
Total .	65,96,69,057	75,71,15,000	94,88,63,000	1,26,08,57,000
<i>59.—Defence Services—Non-Effective.</i>				
1. Army . . . .	8,71,88,344	8,73,28,000	8,76,13,000	8,75,20,000
2. Air Forces . . .	3,37,145	3,19,000	3,14,000	3,13,000
3. Royal Indian Navy .	8,69,455	9,04,000	8,53,000	8,67,000
Total . .	8,83,94,944	8,85,51,000	8,87,80,000	8,87,00,000
<i>60.—Transfers to or from Defence Reserve Fund .</i>				
		..		
Total Expenditure .	74,80,64,001	84,56,66,000	1,03,76,43,000	1,34,95,57,000
<b>RECEIPTS.</b>				
XLVII.—Defence Services—Effective . . . .	73,17,102	..	85,05,000	1,50,00,000
XLVIII.—Defence Services—Non-Effective . . .	46,06,288	44,14,000	46,43,000	45,63,000
Total Receipts . .	1,19,23,390	44,14,000	1,31,48,000	1,95,63,000
Net Expenditure .	73,61,40,611	84,12,52,000	1,02,44,95,000	1,32,99,94,000
a) Net lump sum provision.				



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STATEMENT XIX.

*Posts and Telegraphs.*

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## STATEMENT

## Posts and

	Post Office.				Telegraphs.			
	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
<b>Gross Receipts—</b>								
(i) Postage and Message Revenue	7,32,68	7,83,15	8,73,56	9,21,16	2,45,09	2,24,94	2,92,70	3,16,91
(ii) Miscellaneous Revenue	1,28,04	1,28,40	1,47,63	1,52,83	68,81	61,11	65,77	72,12
Total	8,60,72	9,11,55	10,21,19	10,73,98	3,13,90	2,86,05	3,58,47	3,89,03
<b>Expenditure—</b>								
Working Expenses	7,21,90	7,23,19	7,32,29	7,41,69	92,47	98,30	95,77	96,00
(Abstracts J. K. L. & M.)—								
C. General Administration	6,04	6,47	6,47	6,54	11,27	8,68	10,59	15,22
D. Account and Audit	18,21	19,69	18,79	18,97	7,22	7,23	7,16	7,26
E. Control-Circle offices	25,67	25,63	25,20	25,41	6,91	6,87	7,02	7,09
F. Engineering Expenses	...	...	...	...	36,45	36,83	36,29	37,50
G. Pensionary charges	86,28	89,26	88,57	90,79	24,01	25,14	25,56	26,40
H. Stamps, Postcards, Printing and Stationery	35,82	31,21	39,23	39,33	4,11	4,12	4,65	4,65
I. Maintenance of Assets, including Petty Works	6,96	11,67	10,80	12,59	15,23	15,73	18,97	19,15
N. Contribution to Renewals Reserve Fund	2,81	2,50	2,50	2,50	13,83	15,00	15,00	15,00
Interbranch Adjustments	-42,42	-41,55	-46,75	-46,70	+27,66	+30,72	+30,10	+30,04
O. Deduct credits to working expenses	51,04	53,00	40,75	46,32	8,96	8,35	9,41	19,28
Net Working Expenses	8,08,73	8,15,07	8,36,35	8,44,80	2,30,20	2,35,27	2,41,70	2,39,03
Net Receipts	51,99	96,48	1,84,84	2,29,18	83,70	60,78	1,16,77	1,50,00
Expenditure charged to Revenue—								
Interest	8,46	8,61	8,29	8,69	46,25	46,15	46,32	45,96
Net Profit (+) or loss (-)	+43,53	+88,47	+1,76,55	+2,21,09	+37,45	+4,63	+70,45	+1,04,04
<b>Capital outlay charged to Revenue</b>								
—Postal	73	1,29	59	2,22	...	...	...	...
<b>Capital outlay not charged to Revenue</b>								
	...	...	...	...	13,57	53,01	(a) 46,04	(b) 37,08

(a) Includes 3,60 for outlay on trunk lines

(b) Includes 25,87 for outlay on trunk lines

(c) The entire amounts for Telephone projects

(d) The figure is net, i.e., including credit to capital on account of sale or abandonment of assets manufacture suspense accounts and 19,82 met from

(e) Figures are net, i.e., including

(f) The figure is net, i.e., including credit to capital on account of sale or abandonment of assets and suspense accounts and 60,62 met from



## XIX.

*Telegraphs.*

Telephones.				Radios.				Total.			
Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.	Accounts, 1940-41.	Budget, 1941-42.	Revised, 1941-42.	Budget, 1942-43.
1,39,48	1,37,71	1,73,46	1,98,18	2,45	2,60	2,16	2,15	9,80,22	10,10,69	11,68,42	12,40,21
1,39,48	1,37,71	1,73,46	1,98,18	11,71	11,49	12,72	13,66	3,48,04	3,38,71	3,99,58	4,36,79
1,39,48	1,37,71	1,73,46	1,98,18	14,16	14,09	14,88	15,81	13,28,26	13,49,40	15,68,00	16,77,00
26,24	27,39	28,35	30,04	6,58	6,57	6,52	6,82	8,47,19	8,50,45	8,62,93	8,74,55
11,49	8,40	11,31	11,04	2,17	1,64	1,85	1,88	30,97	25,19	30,22	34,68
1,07	1,15	1,04	1,05	37	37	37	37	26,87	28,44	27,36	27,65
1,33	1,40	1,39	1,47	27	27	31	28	34,18	34,17	33,92	34,25
9,18	9,08	9,24	9,67	1,54	1,53	2,08	2,23	47,17	47,44	47,61	49,40
5,29	5,71	5,70	5,98	1,15	1,34	1,33	1,37	1,15,73	1,21,45	1,21,16	1,24,54
79	97	91	91	25	22	28	28	40,97	36,52	45,07	45,17
13,79	12,25	15,95	16,67	1,24	1,63	2,28	1,79	37,22	41,28	48,00	50,20
5,76	6,25	6,25	6,25	1,15	1,25	1,25	1,25	23,05	25,00	25,00	25,00
+17,15	+13,31	+18,86	+18,87	-2,39	-2,48	-2,21	-2,21	...	...	...	...
7,61	7,52	9,54	12,62	1,24	1,20	1,72	2,67	68,85	70,07	61,42	80,89
84,48	78,39	89,46	80,33	11,09	11,14	12,34	11,39	11,34,50	11,39,87	11,79,85	11,84,55
55,00	59,32	84,00	1,08,85	3,07	2,95	2,54	4,42	1,93,76	2,09,53	3,88,15	4,92,45
12,71	13,72	13,23	13,51	1,54	1,70	1,65	1,82	68,96	69,50	69,49	69,38
+42,29	+45,60	+70,77	+95,34	+1,53	+1,25	+89	+2,60	+1,24,80	+1,39,95	+3,18,66	+4,22,97
...	...	...	...	...	...	...	...	47	12	(e) 25	(e) 1,47
4,89,97	16,22	16,11	(c) 34,74	1,14	4,35	2,77	10,04	4,98,28	66,48	(d) 56,26	(f) 73,61

to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

and includes 33.63 on account of difference between opening and closing balances under stores and Telephone Development Fund.

credit to Capital on account of sale or abandonment of assets.

includes 35 on account of difference between opening and closing balances under stores and manufacture Telephone Development Fund.



## STATEMENT XX.

*Interest-bearing Obligations of the Government of India.*

(In crores of rupees.)

	1937-38.	1938-39.	1939-40.	1940-41.	1941-42, Revised Estimate.	1942-43, Budget Estimate.
<i>In India—</i>						
PUBLIC DEBT.						
Loans . . . . .	438.40	417.79	450.23	574.55	633.33	732.93
Treasury Bills and Ways Means Advances . . . . .	38.01	46.30	54.70	84.90	84.90	114.40
Total—Public Debt. . . . .	476.41	464.09	504.93	659.45	718.23	847.33
UNFUNDED DEBT.						
Service Funds . . . . .	1.07	1.03	.97	.94	.90	.87
Post Office Savings Bank . . . . .	77.55	81.88	78.32	59.51	52.46	50.35
Post Office Certificates . . . . .	60.21	59.57	57.03	49.28	44.58	42.08
State Provident Funds . . . . .	69.68	72.40	75.22	78.03	81.07	84.42
Other items . . . . .	9.65	10.25	10.70	11.15	11.48	11.86
Total—Unfunded Debt . . . . .	218.16	225.13	222.24	198.91	190.49	189.58
DEPOSITS.						
Depreciation and Reserve Funds . . . . .	22.78	27.82	33.47	44.38	59.88	73.29
Total—Obligations in India . . . . .	717.35	717.04	760.64	902.74	968.60	1,110.20
<i>In England—</i>						
PUBLIC DEBT.						
Loans . . . . .	396.75	396.50	373.46	278.37	177.10	56.90
War Contribution . . . . .	20.62	20.62	20.62	20.62	20.62	20.62
Capital portion of Annuities created in purchase of Railways . . . . .	50.52	47.82	45.02	42.12	39.11	36.00
Total—Public Debt . . . . .	467.89	464.94	439.10	341.11	236.83	113.52
UNFUNDED DEBT.						
Service Funds . . . . .	11.92	4.18	4.12	3.82	3.77	3.71
Total—Obligations in England . . . . .	479.81	469.12	443.22	344.93	240.60	117.23
Grand Total . . . . .	1,197.16	1,186.16	1,203.86	1,247.67	1,209.20	1,227.43

## NOTES.

(a) The outstandings at the end of each year are shown in the statement.

(b) Sterling obligations have been converted into Rupees at 1s. 6d. the rupee.



**PART II.****STATEMENT I.***Index Numbers of wholesale Prices.*

All-India (Base 19th August 1939=100).

	Food and Tobacco	Other Agri- cultural com- modities	Raw Mate- rials	Primary com- modities	Mnfd. Articles	Chief Articles of Export	General	Calcutta (Base July 1914= 100) (General)	Bombay (Base July 1914= 100) (General)
<b>1939—</b>									
August . . .	100·3	100·7	100·2	100·3	100·0	100·6	100·3	100	103
September . . .	110·7	123·9	108·6	111·9	116·5	116·1	112·9	114	120
October . . .	112·7	123·0	109·6	113·1	121·7	115·7	114·9	118	121
November . . .	123·7	167·4	119·2	128·2	138·9	136·4	130·5	131	133
December . . .	127·1	187·1	129·3	136·5	145·1	147·9	138·3	137	135
<b>1940—</b>									
January . . .	122·1	174·8	125·9	131·2	140·8	139·8	133·2	130	128
February . . .	119·2	162·6	125·4	128·0	135·6	136·0	129·6	126	124
March . . .	117·9	151·5	125·4	125·9	133·0	131·5	127·5	121	119
April . . .	112·7	157·9	122·8	123·2	131·5	128·2	125·0	121	121
May . . .	109·6	135·9	123·4	119·0	127·3	122·4	120·8	117	118
June . . .	103·5	112·8	112·2	108·3	117·1	107·3	110·3	114	114
July . . .	106·5	110·4	118·4	111·6	113·5	110·8	112·1	114	115
August . . .	103·2	98·2	118·9	108·1	109·3	106·3	108·4	115	112
September . . .	107·6	107·1	116·9	111·0	111·4	109·7	111·1	119	113
October . . .	109·6	100·2	120·2	111·9	112·9	111·0	112·1	121	115
November . . .	109·1	106·4	125·6	114·8	118·9	115·9	115·7	122	118
December . . .	107·8	102·5	124·0	112·9	119·8	114·2	114·4	120	118
<b>1941—</b>									
January . . .	107·4	99·6	126·3	112·9	121·6	114·0	114·8	121	117
February . . .	103·6	94·5	121·1	108·4	121·5	107·9	111·1	119	116
March . . .	108·1	112·4	125·9	115·4	131·7	116·7	113·8	123	120
April . . .	103·5	103·2	128·6	112·6	131·5	113·2	116·4	127	122
May . . .	104·6	121·0	130·9	116·9	139·7	121·4	121·5	130	123
June . . .	114·7	128·7	130·0	126·0	146·7	132·7	130·2	137	127
July . . .	127·0	142·2	146·2	136·7	157·3	145·1	140·9	150	140
August . . .	128·6	152·7	147·2	139·4	161·2	148·0	142·5	151	144
September . . .	125·8	141·6	145·8	135·9	167·3	145·2	142·2	149	145
October . . .	126·6	134·6	150·5	136·8	163·0	145·0	142·1	151	152
November . . .	128·6	146·3	156·1	141·7	165·3	148·9	146·5	157	162
December . . .	127·1	137·5	150·0	137·3	153·8	139·0	140·8	154	160
<b>1942—</b>									
January..	130·6	129·9	158·4	140·7	161·4	143·0	145·0	155	164



*Wholesale Prices.*

Statement I shows the trend of wholesale prices since August 1939 as measured by three sets of index numbers (1) the index numbers of wholesale prices in India compiled by the office of the Economic Adviser to the Government of India (Base 19th August 1939=100) (2) the index numbers of wholesale prices in Calcutta compiled by the office of the Director-General Commercial Intelligence and Statistics (Base July 1914=100) and (3) the index numbers of wholesale prices in Bombay compiled by the Bombay Labour Office (Base July 1914=100). The first of these series relates to the prices of selected commodities in their principal markets in India and is composed of the following groups :—

- I. *Food and Tobacco*.—Rice, Wheat, Tea, Groundnuts, Coffee, Sugar, Tobacco, Copra.
- II. *Other Agricultural Commodities*.—Cotton Raw, Jute Raw, Linseed.
- III. *Raw Materials*.—Pig Iron, Coal, Lac, Wool Raw, Hides and Skins Raw, Kerosene, Petrol.
- IV. *Primary Commodities*.—All the commodities included in Groups I, II and III above.
- V. *Manufactured Articles*. Cotton Manufactures, Jute Manufactures, Cement, Galvanized Corrugated Sheets, Leather.
- VI. *General*.—All the commodities included in Groups I, II, III and V.
- VII. *Chief Articles of Export*.—Rice, Wheat, Tea, Groundnuts, Coffee, Tobacco, Cotton Raw, Jute Raw, Linseed, Pig Iron, Lac, Wool Raw, Hides and Skins Raw, Jute Manufactures, Leather.

It will be seen that the index numbers in all the three series showed a slow rising tendency from September 1940 onwards, by which time the psychological effects of the loss of European markets had begun to wear off. The upward trend was further accentuated after the German invasion of Russia in June 1941 and the issue of the freezing order against Japan in the following month. By November 1941, the index numbers in the first series had risen to 146 which was 8 points higher than the level attained in the speculative boom of December 1939. The entry of Japan into the war coincided with a drop in prices, though in January the index number rose again to 145. The group called “ other agricultural commodities ” was particularly affected, and the index relating to that group fell from 146 in November to 130 in January.

Compared with the pre-war level, the extent of the rise in prices has varied widely in the case of the different groups making up the first series of index numbers. It will be seen that in January 1942, manufactured articles had risen by 61 per cent., raw materials by 58 per cent., chief articles of export by 43 per cent., primary commodities by 41 per cent., food and tobacco by 31 per cent. and other agricultural commodities by 30 per cent.

The other two series of index numbers showed even larger increases as compared with the pre-war level than the first series, the rise in January 1942 being 55 per cent. in the case of the Calcutta Index number and 79 per cent. in the case of the Bombay Index number.



## STATEMENT II.

*Working Class Cost of Living Index Nos. for certain centres in India.*

	Bombay (Base : year ending June 1934= 100).	Madras (Base : year ending June 1936 = 100).	Cawnpore (Base : August 1939=100).	Lahore (Base : 1931-35=100).
<i>1939—</i>				
August . . . .	105	98	100	120
September . . . .	106	103	105	123
October . . . .	108	104	105	125
November . . . .	109	105	105	147
December . . . .	112	108	112	147
<i>1940—</i>				
January . . . .	114	107	114	131
February . . . .	112	104	112	129
March . . . .	110	105	109	132
April . . . .	110	106	110	132
May . . . .	111	107	109	121
June . . . .	111	107	108	120
July . . . .	113	107	109	122
August . . . .	114	108	112	122
September . . . .	112	108	113	129
October . . . .	113	109	112	133
November . . . .	113	110	112	138
December . . . .	115	110	111	138
<i>1941—</i>				
January . . . .	117	108	110	135
February . . . .	119	108	108	133
March . . . .	119	108	106	131
April . . . .	121	109	107	144
May . . . .	122	108	108	135
June . . . .	122	109	114	131
July . . . .	126	113	126	137
August . . . .	131	115	130	144
September . . . .	129	115	133	150
October . . . .	125	115	134	160
November . . . .	126	118	143	
December . . . .	129	121	151	

*Changes in cost of living.*—Statement II shows working class cost of living index numbers for Bombay, Madras, Cawnpore and Lahore. It will be seen that the cost of living in India has generally followed the same trend as wholesale prices, though the rise in the cost of living indices has been much smaller owing to the inclusion of certain inelastic elements, like house rent, in such indices. In Bombay, the index showed a pronounced rise from the beginning of 1941; it advanced to 126 in July (year ending June 1934=100) and to 131 in August 1941. In the next three months, the index slightly eased to 125 or 126, but rose again to 129 at the end of December. At that level, it showed a rise of 23 per cent. above the pre-war position. Between August 1939 and December 1941, the Madras index rose by 24 per cent., and the Cawnpore index by 51 per cent. Lahore index was 33 per cent. higher in October 1941 than in August 1939. It must be added that the cost of living index numbers for different centres in India are not strictly comparable with each other owing to wide differences in their scope and the methods used in their compilation. The rise in the cost of living led to the grant of dearness allowances in certain industries.



## STATEMENT III.

*Foreign Seaborne Trade of British India.*

Year and month.	Imports of merchandise.				Exports of merchandise.				[Figures in lakhs of Rupees.]			
	Imports of merchandise.		Exports of merchandise.		Re-exports of merchandise.		Total		Re-exports of merchandise.		Total	
	Food, Drink and Tobacco.	Articles wholly and mainly manufactured.	Raw materials and articles mainly manufactured.	Total imports.	Food, Drink and Tobacco.	Articles wholly and mainly manufactured.	Raw materials and articles mainly manufactured.	Total Exports.	Food, Drink and Tobacco.	Articles wholly and mainly manufactured.	Raw materials and articles mainly manufactured.	Total Re-exports.
<i>1939—</i>												
August	3,01.8	2,54.4	8,13.0	13,89.2	4,12.8	6,50.9	5,38.3	15,90.3	2.3	20.6	26.3	49.4
September	2,75.3	2,62.5	5,77.9	11,25.6	4,81.4	4,97.7	6,32.0	13,28.0	7.8	5.4	23.0	32.5
October	3,08.4	2,70.9	4,42.8	10,32.9	3,75.5	4,07.6	6,32.0	13,28.0	27.8	38.2	14.6	52.5
November	2,42.3	3,42.3	6,54.8	12,31.1	2,53.2	6,56.4	6,36.5	15,42.7	97.8	53.7	24.6	111.2
December	2,39.0	3,09.8	7,96.4	13,63.4	4,37.4	7,45.9	7,77.1	19,83.3	19.3	69.9	27.7	117.3
<i>1940—</i>												
January	2,73.7	3,61.8	9,89.9	16,42.9	3,84.4	9,63.3	9,56.0	23,25.4	6.0	71.4	38.9	116.5
February	2,62.6	3,67.4	9,06.1	15,89.8	3,54.3	9,82.1	8,30.9	21,48.5	3.8	68.8	26.3	99.4
March	2,92.4	4,81.4	9,93.4	17,39.6	1,78.4	8,25.4	8,50.0	19,55.7	4.1	46.3	27.3	78.3
April	2,90.1	4,81.4	9,93.4	17,39.6	1,78.4	8,25.4	8,50.0	19,55.7	7.3	38.3	27.3	78.3
May	2,45.3	3,75.9	9,14.2	16,20.4	1,71.6	8,25.4	8,68.6	16,13.8	7.3	18.2	35.8	61.0
June	2,35.8	3,07.8	5,64.1	11,24.8	1,93.4	6,23.5	8,68.6	16,05.6	2.7	48.2	23.8	74.8
July	1,85.5	3,39.9	6,04.6	11,39.7	2,79.0	4,08.0	6,37.2	13,32.9	1.0	37.9	28.6	67.8
August	1,52.1	3,23.8	5,23.4	10,12.0	4,30.7	3,88.0	5,90.3	14,21.5	2.3	16.5	22.4	41.3
September	1,62.6	3,19.9	7,80.5	12,76.2	5,42.9	3,33.3	6,73.0	16,22.0	2.5	45.9	35.1	83.6
October	1,45.6	4,03.2	7,19.3	12,79.7	3,87.6	3,55.5	6,90.8	14,46.2	2.8	60.5	32.2	95.5
November	1,48.9	3,58.1	7,63.6	12,78.2	4,19.5	4,56.0	6,10.2	15,08.2	4.1	53.7	34.3	122.2
December	1,25.1	3,06.9	6,60.9	11,03.4	4,49.4	4,59.2	6,05.2	15,58.3	8.2	85.6	51.7	115.7
<i>1941—</i>												
January	1,52.2	3,39.6	9,67.0	14,70.9	5,81.5	6,82.9	6,87.3	19,70.0	5.4	112.1	55.6	173.3
February	2,91.1	2,91.1	6,17.1	11,19.5	2,74.4	3,51.2	5,40.6	11,84.7	2.9	119.1	50.9	173.0
March	2,39.5	3,71.0	8,33.6	14,66.9	2,14.3	4,10.6	4,91.7	11,40.3	8.2	115.3	67.7	191.7
April	2,84.1	3,82.5	10,69.2	16,96.1	2,04.5	3,97.1	5,18.8	11,41.5	10.2	6.8	51.8	68.9
May	3,03.9	5,92.9	8,65.1	17,77.8	2,34.3	4,78.0	6,42.4	13,54.7	7.8	66.9	57.1	131.8
June	2,61.1	4,34.4	10,52.9	17,60.4	1,82.8	6,99.3	6,62.6	15,03.2	8.9	28.3	38.2	75.4
July	3,72.6	4,65.4	9,99.9	18,39.5	4,32.1	6,25.1	9,46.0	20,34.5	13.4	57.1	48.2	118.6
August	3,63.8	4,23.3	7,06.0	14,16.9	7,60.7	5,70.3	8,11.2	22,69.8	15.3	82.6	40.6	138.6
September	2,63.8	4,23.3	6,19.1	13,11.8	5,60.3	6,13.3	10,16.6	22,72.0	7.6	168.6	41.2	217.5
October	2,13.1	5,81.4	6,19.1	14,11.8	9,60.3	4,98.1	10,01.2	26,42.4	16.4	57.0	57.0	120.6
November	2,12.1	3,96.7	7,116.1	13,48.4	9,93.4	4,98.1	9,60.1	24,11.8	27.6	164.5	57.0	189.6
December	1,96.3	3,443.2	5,433.2	10,95.2	5,79.8	4,01.1	9,45.3	19,72.7	19.3	44.9	58.6	123.6



## STATEMENT IV.

*Balance of Trade in Merchandise of British India and of British India and Burma taken together.*

(In lakhs of Rupees.)

	British India Proper.			British India and Burma taken together.		
	Exports and Re-exports.	Imports.*	Balance.	Exports and Re-exports.	Imports.*	Balance.
<i>1939—</i>						
August . . .	16,40	13,86	+ 2,54	16,91	12,12	+ 4,79
September . . .	15,61	11,28	+ 4,33	15,70	9,38	+ 6,32
October . . .	14,75	10,32	+ 4,43	15,20	8,59	+ 6,61
November . . .	17,54	12,50	+ 5,04	18,03	10,80	+ 7,23
December . . .	21,01	13,63	+ 7,38	21,88	12,53	+ 9,35
<i>1940—</i>						
January . . .	24,42	16,39	+ 8,03	24,85	15,06	+ 9,79
February . . .	22,48	15,80	+ 6,68	23,95	14,64	+ 9,31
March . . .	20,64	14,74	+ 5,90	21,53	12,25	+ 9,28
April . . .	19,52	17,30	+ 2,22	20,36	15,25	+ 5,11
May . . .	19,75	16,48	+ 3,27	20,84	13,79	+ 7,05
June . . .	17,70	11,22	+ 6,48	19,13	9,35	+ 9,78
July . . .	14,01	11,40	+ 2,61	13,74	9,71	+ 4,03
August . . .	14,63	10,10	+ 4,53	15,28	8,99	+ 6,29
September . . .	17,06	12,74	+ 4,32	17,62	12,03	+ 5,59
October . . .	15,42	12,76	+ 2,66	15,90	11,93	+ 3,97
November . . .	16,30	12,76	+ 3,54	16,68	11,78	+ 4,90
December . . .	16,98	11,32	+ 5,66	17,61	10,17	+ 7,44
<i>1941—</i>						
January . . .	21,43	14,69	+ 6,74	22,27	13,63	+ 8,64
February . . .	12,58	11,19	+ 1,39	13,73	9,66	+ 4,07
March . . .	13,32	14,55	—1,23	14,49	12,82	+ 1,67
April . . .	12,10	16,93	—4,83	13,75	15,84	—2,09
May . . .	15,17	17,77	—2,60	17,40	15,48	+ 1,92
June . . .	16,44	17,60	—1,16	18,96	14,21	+ 4,75
July . . .	21,53	18,36	+ 3,17	23,54	15,90	+ 7,64
August . . .	23,10	14,17	+ 8,93	24,49	12,29	+ 12,20
September . . .	24,89	15,70	+ 9,19	26,43	14,76	+ 11,67
October . . .	28,29	17,03	+ 11,26	29,46	15,32	+ 14,14
November . . .	25,65	13,47	+ 12,18	27,61	12,53	+ 15,08
December . . .	20,96	10,92	+ 10,04			

\*Excludes the value of railway materials imported direct by State Railways working under company management which was not paid for in the ordinary way and not, therefore, taken into account in arriving at the balance of trade.

N. B.—The sign plus (+) indicates net export and minus (—) net import.



*Foreign Trade.*

Statement III shows the recorded values of India's exports, imports and re-exports of merchandise, and Statement IV gives the balance of trade in merchandise of British India proper and British India and Burma taken together as an economic unit, for each month since August 1939. During the period April to December 1941, exports including re-exports of merchandise from British India amounted to Rs. 188 crores or Rs. 37 crores more than in the corresponding period of 1940. Imports of merchandise during the same period, which amounted to Rs. 142 crores, showed a much smaller increase of Rs. 26 crores. Consequently, the balance of trade in merchandise improved by Rs. 11 crores, from Rs. 35 crores in the first nine months of last year to Rs. 46 crores in the same months of the current year. Taking India and Burma together, the balance of trade in merchandise amounted to Rs. 65 crores during the nine months ended December 1941 compared with Rs. 63 crores in the corresponding months of 1940.

In considering the recorded values of imports and exports, however, two important factors have to be taken into account. In the first place, the increase in values may be at least partly due to the price factor, and does not, therefore, necessarily indicate a corresponding increase in quantity. Secondly, since the outbreak of war, the exports and imports on Government account for Defence purposes are not recorded in the trade returns and since India has been exporting certain quantities of materials to different theatres of war and has also been importing materials for the use of Defence services in India, the actual value of exports and imports is higher than the recorded figures.

The war has brought about important changes in the direction of India's foreign trade. In particular, India's trade with the other countries in the British Empire and with the United States of America has tended to increase. In the first nine months of 1941-42, exports from British India to Empire countries amounted to Rs. 114 crores as compared with Rs. 89 crores and Rs. 76 crores in the same months of 1940-41 and 1939-40 respectively. Imports from Empire countries have also similarly increased from Rs. 68 crores in the first nine months of 1939-40 and 1940-41 to Rs. 86 crores in the same months of the current year. India's balance of trade (exports minus imports, not allowing for re-exports) with the British Empire has also increased from Rs. 8 crores in April to December 1939-40 to Rs. 21 crores and Rs. 28 crores in the corresponding periods of 1940-41 and 1941-42 respectively. As regards foreign countries, it may be observed that while trade with Europe has dwindled to a very small figure, the United States has now become an important market for Indian goods and an important supplier of goods to India. During the nine months ended December 1941, imports from the United States even exceeded those from the United Kingdom which hitherto ranked first in India's import trade, while in the export trade, the United States ranked next to the United Kingdom. Owing partly to the stricter control over imports, imports from the United States though showing a substantial increase of well over 50 per cent. in fact have increased less than exports to that country thereby increasing the balance of trade in favour of India *vis-a-vis* the United States by about Rs. 5 crores as compared with the first nine months of 1940-41 when imports and exports were about in balance.

Analysing the foreign trade figures according to economic classes, it is observed that imports of manufactured articles, which since the beginning of the war had generally shown a declining trend, registered a large increase of



Rs. 12 crores from Rs. 65 crores in the first nine months of 1940-41 to Rs. 77 crores in the corresponding months of 1941-42. Between these two periods, imports of food, drink and tobacco increased from Rs. 18 crores to Rs. 23 crores, and those of raw materials from Rs. 32 crores to Rs. 40 crores. On the export side, the increase was highest (amounting to Rs. 16 crores) in the case of food, drink and tobacco, followed by Rs. 13 crores in the case of manufactured articles and Rs. 86 lakhs in the case of raw materials. The increase in the last group, however small, is particularly remarkable as exports of raw materials had suffered heavily in 1940-41. These changes are the outcome of a large number of factors and are subject to the same observations as those made above with regard to the recorded values of the total trade.



## STATEMENT V.

## CURRENCY CIRCULATION IN INDIA AND BURMA.

(In lakhs of rupees.)

	Increase or decrease in Note circulation as on last Friday of the month.	Increase or decrease of Rupee Coin in circulation as on last Friday of the month.	Combined increase or decrease of Notes and Coin in circulation (as on last Friday of the month).	Combined progressive increase or decrease of Notes and Coin in circulation.
<b>1939-40.</b>				
August . . . . .	+ 47	—2,46	—1,99	—19,66
September . . . . .	+ 24,03	+ 33	+ 24,36	+ 4,70
October . . . . .	+ 7,38	+ 2,60	+ 9,98	+ 14,88
November . . . . .	+ 9,81	+ 3,04	+ 12,85	+ 27,53
December . . . . .	+ 15,81	+ 5,28	+ 21,09	+ 48,62
<b>1940.</b>				
January . . . . .	+ 1,92	+ 3,37	+ 5,29	+ 53,91
February . . . . .	+ 1,71	+ 2,56	+ 4,27	+ 58,18
March . . . . .	—1,00	+ 2,35	+ 1,35	+ 59,53
<b>1940-41.</b>				
April . . . . .	+ 1,06	+ 2,56	+ 3,62	+ 3,62
May . . . . .	+ 8,92	+ 6,81	+ 15,73	+ 19,35
June . . . . .	—1,59	+ 15,12	+ 13,53	+ 32,88
July . . . . .	—9,02	+ 5,18	—3,84	+ 29,04
August . . . . .	—6,43	+ 3,62	—2,81	+ 26,23
September . . . . .	—2,31	+ 2,03	—28	+ 25,95
October . . . . .	—51	+ 1,00	+ 49	+ 26,44
November . . . . .	+ 48	+ 83	+ 1,31	+ 27,75
December . . . . .	+ 12,10	+ 1,13	+ 13,23	+ 40,98
<b>1941.</b>				
January . . . . .	+ 3,80	—1,36	+ 2,44	+ 43,42
February . . . . .	+ 4,43	—1,41	+ 3,02	+ 46,44
March . . . . .	+ 8,18	—2,28	+ 5,90	+ 52,34
<b>1941-42.</b>				
April . . . . .	+ 9,46	—1,35	+ 8,11	+ 8,11
May . . . . .	+ 5,85	—17	+ 5,68	+ 13,79
June . . . . .	+ 3,96	—34	+ 3,62	+ 17,41
July . . . . .	—3,92	—1,08	—5,00	+ 12,41
August . . . . .	+ 3,58	—84	+ 2,74	+ 16,15
September . . . . .	+ 9,53	—72	+ 8,81	+ 23,96
October . . . . .	+ 7,33	+ 37	+ 7,70	+ 31,66
November . . . . .	+ 13,97	+ 1,24	+ 15,21	+ 46,87
December . . . . .	+ 28,18	+ 3,42	+ 31,60	+ 78,47
<b>194</b>				
January . . . . .	+ 20,81	+ 2,54	+ 23,35	+ 10,12



## STATEMENT VI-A.

## THE RESERVE BANK OF INDIA ISSUE DEPARTMENT.

(In lakhs of rupees).

	Notes in Circula- tion.	Total Notes issued.	Gold Coin and Bullion.	Sterling Securities.	Rupee Coin.	Rupee Securities.	Percentage of Gold and Sterling Securities to Total Notes issued.
<b>1939—</b>							
August . . .	179.95 (9.66)	215.62 (9.66)	44.42	59.50	74.31	37.39	48.19
September . .	196.14 (10.08)	217.96 (10.18)	44.42	60.50	75.66	37.38	48.14
October . . .	210.13 (10.31)	226.96 (10.43)	44.42	72.00	73.19	37.35	51.30
November . . .	219.16 (10.13)	232.84 (10.18)	44.42	80.50	70.59	37.33	53.65
December . . .	229.95 (10.86)	244.87 (10.90)	44.42	96.30	66.42	37.73	57.47
<b>1940—</b>							
January . . .	238.63 (12.28)	252.18 (12.38)	44.42	107.50	61.91	38.35	60.24
February . . .	240.64 (14.16)	253.86 (14.31)	44.42	112.00	59.09	38.35	61.62
March . . .	241.19 (14.31)	252.93 (14.56)	44.42	113.50	56.66	38.35	62.44
April . . .	241.20 (13.42)	252.85 (13.64)	44.42	115.75	54.32	38.36	63.35
May . . .	245.22 (13.52)	254.12 (13.69)	44.42	119.50	50.14	40.06	64.56
June . . .	250.47 (13.18)	259.67 (13.41)	44.42	129.25	37.65	48.35	66.88
July . . .	243.44 (12.73)	257.96 (12.92)	44.42	131.50	32.44	49.60	68.20
August . . .	235.36 (12.47)	261.20 (12.64)	44.42	131.50	35.68	49.60	67.35
September . .	232.10 (12.22)	258.59 (12.41)	44.42	131.50	33.06	49.61	68.03
October . . .	231.93 (11.73)	257.08 (11.93)	44.42	131.50	31.54	49.62	68.43
November . . .	230.51 (11.19)	255.95 (11.40)	44.42	131.50	30.41	49.62	68.73
December . . .	237.72 (12.03)	255.42 (12.19)	44.42	131.50	29.89	49.61	68.87
<b>1941—</b>							
January . . .	244.57 (14.37)	258.94 (14.54)	44.42	134.70	30.21	49.61	69.17
February . . .	250.62 (16.81)	265.82 (17.01)	44.42	140.50	31.29	49.61	69.56
March . . .	256.24 (17.37)	267.61 (17.70)	44.42	130.94	33.07	59.18	65.53
April . . .	267.08 (17.80)	278.73 (18.01)	44.42	108.03	35.44	90.64	54.70
May . . .	272.89 (17.96)	284.39 (18.26)	44.42	112.80	35.85	91.32	55.28
June . . .	277.70 (18.10)	290.53 (18.38)	44.42	118.80	36.00	91.31	56.18
July . . .	275.69 (18.76)	291.54 (19.03)	44.42	120.94	37.01	89.17	56.72
August . . .	276.77 (18.89)	292.39 (19.18)	44.42	131.62	37.86	78.49	60.21
September . .	284.29 (18.62)	295.99 (18.86)	44.42	135.37	38.80	77.00	60.82
October . . .	292.90 (19.21)	305.51 (19.44)	44.42	150.85	38.56	71.68	63.92
November . . .	303.72 (19.72)	314.78 (19.95)	44.42	175.40	37.48	57.48	69.88
December . . .	325.13 (20.91)	335.44 (21.16)	44.42	213.12	35.15	42.75	76.78
<b>1942—</b>							
January . . .	350.46 (22.07)	361.85 (22.31)	44.42	248.62	32.31	41.50	79.60

N.B.—(1) Figures represent average of Friday figures.  
 \* (2) Burma figures shown in brackets.



## STATEMENT VI-B.

## THE RESERVE BANK OF INDIA BANKING DEPARTMENT.

(In lakhs of Rupees)

		Deposits.			Balances held abroad.	Loans and Advances to Government.	Bills purchased and discounted.	Investments.	
	Government.	Banks.	Other.	Total.					
1939.									
August	.	13,10	23,95	79	37,93	4,44	77	25	7,11
September	.	12,94	19,90	1,17	34,01	13,01	85	1,10	6,40
October	.	12,54	17,89	99	31,42	13,09	1,89	1,25	6,46
November	.	12,26	18,92	87	32,05	14,14	2,68	2,91	6,90
December	.	13,58	16,26	95	30,79	9,71	1,30	7,46	6,78
1940.									
January	.	13,15	17,96	1,57	32,68	11,92	1,04	9,00	7,24
February	.	15,67	19,17	2,18	37,02	19,24	37	5,84	8,51
March	.	20,24	16,67	1,26	38,17	25,20	4	2,33	9,18
April	.	15,33	18,88	97	35,18	25,43	39	60	7,34
May	.	12,61	18,10	1,15	31,86	21,48	2,47	61	8,65
June	.	11,38	21,32	1,27	33,97	20,13	3,47	3,65	7,50
July	.	12,16	28,59	1,30	42,05	19,33	0,66	3,36	8,19
August	.	14,59	34,86	1,69	51,14	24,54	45	1,90	8,80
September	.	13,87	43,63	1,73	59,23	32,53	93	1,39	8,36
October	.	14,15	47,89	2,29	64,33	37,95	3,87	15	7,98
November	.	16,53	49,87	1,86	68,26	44,33	1,91	1	7,81
December	.	16,63	48,91	1,88	67,42	54,40	11	5	7,00
1941.									
January	.	21,16	45,24	2,37	68,77	59,45	30	7	7,30
February	.	27,88	45,68	1,78	75,34	65,79	27	15	7,03
March	.	33,65	38,95	4,85	77,45	68,30	4,00	3	7,00
April	.	15,56	27,28	6,19	49,03	30,63	11,32	96	7,71
May	.	13,62	27,47	5,45	46,54	33,83	6,38	39	7,75
June	.	11,96	29,12	3,09	44,17	36,92	55	...	8,10
July	.	22,37	30,47	2,87	55,71	43,89	1,09	30	7,32
August	.	18,36	37,35	3,88	59,59	44,98	1,08	47	7,62
September	.	14,88	47,09	3,58	65,55	53,38	1,98	42	8,93
October	.	23,03	48,29	4,33	75,65	64,90	10	27	8,63
November	.	17,05	47,42	4,58	69,05	60,59	16	10	8,15
December	.	20,39	37,61	4,17	62,17	55,58	7	5	8,51
1942.									
January	.	19,60	36,97	3,01	59,58	47,48	2,27	...	11,52

N.B.—Figures represent average of Friday figures.



*Financial Conditions.*

Changes in the currency circulation in India and Burma are shown in Statement V. Since the beginning of the current year, there was a steady increase in the volume of note circulation except in the month of July 1941 and though this was partly offset by a decline in rupee circulation up to September 1941, the combined note and rupee circulation showed a substantial increase in every month, again with the exception of July 1941. The three months, November and December 1941, and January 1942, particularly witnessed a heavy absorption of currency by the public, the combined increase in note and rupee circulation during this period being higher than in any quarter since the beginning of the war. The cumulative increase in note and rupee circulation from April 1941 to January 1942 amounted to Rs. 101·8 crores. The average volume of note circulation in the month of January 1942, was Rs. 350 crores as compared with Rs. 256 crores in March 1941; an increase of Rs. 94 crores. In order to meet the increased demand for currency the Reserve Bank expanded the total note issue from Rs. 268 crores in March 1941 to Rs. 362 crores in January 1942 or by Rs. 94 crores. The increase in the volume of the total note issue was thus the same as the increase in the volume of active note circulation. The expansion was effected mostly against additional sterling securities which the Reserve Bank was able to purchase out of its accumulating sterling balances. It will be seen from Statement VI-A (which shows the statistics of the Issue Department of the Reserve Bank), that the average value of sterling securities held in the Issue Department increased to Rs. 244 crores in January 1942 showing a rise of Rs. 113 crores as compared with March 1941 and of Rs. 184 crores as compared with August 1939. The extent to which the sterling purchases of the Reserve Bank strengthened the basis of India's currency can be seen from the fact that the percentage of gold and sterling securities to the total note issue rose to 79 per cent. in January 1942, compared with 65 per cent. in March 1941 and 48 per cent. in August 1939. Throughout this period, the amount of gold coin and bullion held by the Reserve Bank was stationary at Rs. 44 crores.

The accretions to the Issue Department's portfolio of sterling securities do not fully measure the total volume of sterling and other foreign currency purchased by the Reserve Bank. The latter also includes the amount shown as balances held abroad in the Banking Department (see Statement VI-B). Secondly, a considerable part of the Reserve Bank's purchases of sterling has been used since the beginning of the war to finance the repatriation of India's sterling debt and to meet the Government's ordinary remittance requirements. The amount of sterling now held by the Reserve Bank, therefore, represents only the net balance left over after financing all these transactions. The balances held abroad by the Reserve Bank amounted to Rs. 47 crores in January 1942 compared with Rs. 68 crores in March 1941 and Rs. 4 crores in August 1939.

Sterling purchases by the Reserve Bank during the period April to December 1941 amounted to £49·9 millions as compared with £41·7 millions in the same period of 1940 and £57·1 millions in the whole of the year 1940-41. In addition to these open market purchases, the Reserve Bank also received large amounts of sterling on account of His Majesty's Government's purchases of war materials in India.



## STATEMENT VII.

## POSITION OF SCHEDULED BANKS IN INDIA AND BURMA.

(In lakhs of rupees).

	Demand Liabilities in India and Burma.	Time Liabilities in India and Burma.	Cash in India and Burma.	Balances with Reserve Bank.	Advances in India and Burma.	Bills Discounted in India and Burma.
<b>1939.</b>						
August . . . .	142,60 (7,10)	106,89 (4,39)	7,12 (46)	23,65	106,93 (3,96)	4,29 (27)
September . . . .	139,38 (6,79)	103,95 (4,20)	7,63 (53)	19,19	109,71 (4,02)	3,61 (28)
October . . . .	139,56 (6,92)	100,75 (3,99)	7,47 (48)	17,61	111,60 (3,75)	2,69 (23)
November . . . .	142,56 (7,27)	100,65 (3,93)	7,49 (46)	18,67	116,92 (3,63)	2,77 (22)
December . . . .	145,44 (7,45)	102,85 (3,89)	7,50 (34)	15,66	133,67 (3,98)	4,22 (29)
<b>1940.</b>						
January . . . .	146,48 (7,58)	106,09 (3,79)	7,04 (26)	17,72	148,29 (4,33)	4,90 (20)
February . . . .	144,43 (7,29)	108,74 (3,79)	7,14 (24)	18,58	148,53 (5,27)	5,38 (26)
March . . . .	145,69 (7,45)	109,64 (3,77)	6,73 (23)	16,06	153,77 (6,20)	6,39 (30)
April . . . .	147,58 (7,68)	111,93 (3,71)	7,08 (25)	18,65	153,40 (5,71)	6,73 (30)
May . . . .	147,64 (7,48)	113,23 (3,76)	7,04 (26)	17,67	153,08 (5,02)	6,61 (26)
June . . . .	144,22 (7,31)	109,76 (3,74)	8,80 (36)	20,94	144,32 (4,73)	5,42 (17)
July . . . .	150,66 (7,28)	106,60 (3,70)	8,38 (43)	28,46	133,90 (4,39)	3,76 (12)
August . . . .	157,82 (7,50)	103,96 (3,59)	8,05 (43)	34,64	123,39 (4,16)	2,28 (8)
September . . . .	163,65 (7,65)	101,37 (3,58)	8,19 (40)	43,32	114,27 (3,87)	1,69 (10)
October . . . .	169,98 (8,16)	100,56 (3,75)	8,94 (49)	47,52	107,08 (3,53)	1,60 (9)
November . . . .	173,82 (8,47)	100,54 (3,73)	8,74 (45)	49,32	100,25 (3,28)	1,61 (10)
December . . . .	175,57 (8,73)	100,83 (3,73)	9,10 (47)	48,17	99,92 (3,26)	2,19 (11)
<b>1941.</b>						
January . . . .	178,19 (8,96)	101,35 (3,93)	9,02 (48)	44,73	104,92 (4,17)	3,12 (16)
February . . . .	177,70 (8,98)	104,20 (3,87)	8,60 (50)	45,06	112,69 (5,16)	4,96 (16)
March . . . .	179,54 (9,08)	105,08 (3,88)	8,65 (54)	38,37	120,08 (6,10)	6,11 (14)
April . . . .	182,54 (9,79)	105,11 (3,91)	9,02 (60)	26,96	129,92 (6,84)	6,74 (12)
May . . . .	185,79 (10,07)	106,27 (4,01)	8,96 (58)	26,81	131,57 (6,34)	6,45 (11)
June . . . .	193,00 (10,80)	106,93 (4,06)	9,79 (62)	28,65	129,32 (5,90)	5,68 (7)
July . . . .	196,95 (10,60)	108,27 (4,16)	9,16 (59)	29,76	126,57 (5,89)	5,01 (6)
August . . . .	205,99 (10,63)	108,09 (4,37)	9,40 (81)	36,64	120,52 (5,14)	4,45 (8)
September . . . .	216,04 (11,49)	107,43 (4,64)	9,60 (79)	46,54	115,18 (4,21)	3,88 (5)
October . . . .	223,09 (12,03)	108,67 (4,38)	10,47 (78)	47,78	111,40 (3,80)	3,46 (5)
November . . . .	233,99 (13,24)	112,24 (4,46)	10,34 (78)	46,82	108,28 (3,66)	4,44 (10)
December . . . .	229,61 (12,69)	112,76 (4,43)	10,73 (81)	35,44	117,03 (3,43)	5,95 (12)
<b>1942.</b>						
January . . . .	228,01 (10,99)	110,79 (4,01)	10,73 (67)	35,50	121,77 (3,53)	5,69 (11)

N.B.—1. Figures represent average of Friday figures.

2. Burma figures shown in brackets.



As regards the general banking situation, reference is invited to Statement VII which shows the statistics relating to the position of scheduled banks in India and Burma. As compared with March 1941, the demand liabilities of scheduled banks in India and Burma in January 1942 advanced from Rs. 179 crores to 228 crores—an increase of Rs. 49 crores; while the advances of scheduled banks in India and Burma rose only from Rs. 120 crores to Rs. 122 crores *i.e.*, by 2 crores. Taking the figures for India separately, the demand liabilities of scheduled banks increased by Rs. 47 crores, and the advances of scheduled banks by Rs. 4 crores. As compared with the pre-war month of August 1939, the increase in the demand liabilities of scheduled banks was Rs. 85 crores for India and Burma and Rs. 82 crores for India alone, and that in the advances of scheduled banks was 15 crores for India and Burma and the same amount for India alone. The time liabilities of the scheduled banks in January 1942 were Rs. 111 crores in India and Burma and Rs. 107 crores in India alone, compared with Rs. 105 crores in India and Burma, and 101 crores in India alone in March 1941. Compared with August 1939, they showed an increase of Rs. 4 crores in India and Burma, and Rs. 4 crores in India alone in January 1942. The total of cash and balances with the Reserve Bank in January 1942 was Rs. 1 crore less in India and Burma as compared with March 1941 and Rs. 15 crores more as compared with August 1939. Bills discounted have always been a relatively small item in the balance sheets of scheduled banks. They showed only a small decline between March 1941 and January 1942 though as compared with August 1939, there was an increase of Rs. 1·4 crores for India and Burma and Rs. 1·6 crores or India only.

The sources of the supply of sterling and its disposal up till the end of January 1942 are shown in the following statement :—

	Crores.
1. Sterling assets held by Reserve Bank, August 1939 . . . . .	64
2. Sterling purchased by Reserve Bank—	
September 1939—January 1940 . . . . .	63
February 1940—January 1941 . . . . .	86
February 1941—January 1942 . . . . .	90
3. Sterling payments by His Majesty's Government . . . . .	196
4. Sterling amounts involved in repatriation schemes (up to end of January 1942) . . . . .	124
5. Other Sterling commitments . . . . .	68
6. Sterling holdings of the Reserve Bank at end of January 1942 . . . . .	307



## PART III.

*Statement showing the tax payable as a percentage of income in selected cases under the proposed rates of income-tax and super-tax and surcharges.*

1	2	3	4	5	6	7
Income.	Gross tax.	Amount to be funded.	Tax less amount, if any, funded for assessee's benefit.	Percentage of total income.	Tax less maximum exemption in respect of insurance, Provident Fund, or Family provision, and amount, if any, funded for assessee's benefit.	Percentage of total income.
Rs.	Rs. A.	Rs.	Rs. A.		Rs. A.	
2,150 .	50 13	11	39 13	1.9	33 5	1.5
2,500 .	78 2	13	65 2	2.6	55 2	2.2
3,000 .	117 3	15	102 3	3.4	84 11	2.8
3,500 .	156 4	18	138 4	3.9	115 3	3.3
4,000 .	195 5	20	175 5	4.4	145 12	3.6
4,500 .	234 6	23	211 6	4.7	176 5	3.9
5,000 .	273 7	25	248 7	5.0	206 14	4.1
5,500 .	335 15	28	307 15	5.6	256 15	4.7
6,000 .	398 7	30	368 7	6.1	307 1	5.1
6,500 .	..	..	460 15	7.1	384 2	5.9
7,000 .	..	..	523 7	7.5	436 3	6.2
7,500 .	..	..	585 15	7.8	488 5	6.5
8,000 .	..	..	648 7	8.1	540 6	6.8
9,000 .	..	..	773 7	8.6	644 9	7.2
10,000 .	..	..	898 7	9.0	748 11	7.5
11,000 .	..	..	1,096 0	10.0	913 0	8.3
12,000 .	..	..	1,294 0	10.8	1,078 0	9.0
13,000 .	..	..	1,492 0	11.5	1,243 0	9.6
14,000 .	..	..	1,690 0	12.1	1,408 0	10.1
15,000 .	..	..	1,888 0	12.6	1,574 0	10.5
18,000 .	..	..	2,591 0	14.4	2,159 0	12.0
21,000 .	..	..	3,294 0	15.7	2,745 0	13.1
24,000 .	..	..	3,997 0	16.7	3,331 0	13.9
27,000 .	..	..	4,888 0	18.1	4,105 0	15.2
30,000 .	..	..	5,872 0	19.6	4,972 0	16.6
33,000 .	..	..	6,867 0	20.8	5,839 0	17.7
36,000 .	..	..	7,935 0	22.0	6,800 0	18.9
40,000 .	..	..	9,622 0	24.0	8,460 0	21.1
50,000 .	..	..	13,841 0	27.7	12,630 0	25.3
60,000 .	..	..	18,529 0	30.9	17,285 0	28.8
70,000 .	..	..	23,685 0	33.8	22,418 0	32.0
80,000 .	..	..	28,841 0	36.0	27,557 0	34.4
90,000 .	..	..	33,997 0	37.8	32,700 0	36.3
1,00,000 .	..	..	39,154 0	39.2	37,846 0	37.8
1,50,000 .	..	..	67,279 0	44.9	65,938 0	44.0
2,00,000 .	..	..	97,747 0	48.9	96,390 0	48.2
3,00,000 .	..	..	1,68,060 0	56.0	1,66,686 0	55.5
4,00,000 .	..	..	2,43,060 0	60.8	2,41,678 0	60.4
5,00,000 .	..	..	3,22,747 0	64.5	3,21,360 0	64.3
10,00,000 .	..	..	7,68,060 0	76.8	7,66,664 0	76.7
20,00,000 .	..	..	16,58,685 0	82.9	16,57,284 0	82.8
30,00,000 .	..	..	25,49,310 0	85.0	25,47,907 0	84.9























